NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: "Aa2"
S&P: "AA-"
(See "RATINGS" herein)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, the portion of Base Rent paid by the State which is designated and paid as interest on the Series 2019O Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing Colorado statutes, the interest received by the Owners of the Series 2019O Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of Series 2019O Certificates. See "TAX MATTERS" herein.

$165,805,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2019O

Dated: Date of Delivery **Due: March 15, as shown on the inside front cover**

The Series 2019O Certificates will be executed and delivered pursuant to and secured by a Master Trust Indenture, as previously supplemented for other Series of Certificates executed and delivered pursuant to the Master Indenture and as supplemented for the Series 2019O Certificates, executed and delivered by Zions Bancorporation, National Association, Denver, Colorado, as Trustee. The Series 2019O Certificates will evidence proportionate interests in the right of the Trustee to receive Base Rent and certain other amounts payable by the State of Colorado pursuant to certain annually renewable lease purchase agreements between the Trustee, as lessor, and the State, acting by and through the State Treasurer, as lessee, in respect of property that has been leased to the Trustee by certain Participating K-12 Institutions (or, in the case of some charter schools, the chartering entities) in connection with the funding of capital construction projects for such Participating K-12 Institutions, and in turn subleased back from the State by such Participating K-12 Institutions, pursuant to the State's Building Excellent Schools Today (BEST) grant program as described herein. *Capitalized terms not otherwise defined on this cover page have the meanings set forth in this Official Statement.*

The proceeds of the sale of the Series 2019O Certificates will be used to fund the costs of capital construction projects for Participating K-12 Institutions and the costs of issuance of the Series 2019O Certificates.

The Series 2019O Certificates will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2019O Certificates. Beneficial Ownership Interests in the Series 2019O Certificates, in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2019O Certificates by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The Series 2019O Certificates bear interest at the rates per annum set forth on the inside front cover hereof payable semi-annually on each March 15 and September 15, commencing March 15, 2020, and mature in the amounts and on the dates set forth on the inside front cover hereof, subject to optional, mandatory and extraordinary redemption prior to maturity as described herein.

Maturity Schedule on the Inside Front Cover

The Series 2019O Certificates are secured on a parity basis with all other Series of Certificates executed and delivered pursuant to the Indenture, all of which evidence undivided interests in the right to receive the Lease Revenues as described herein, and are payable solely from the Trust Estate under the Indenture without preference, priority or distinction of any Certificate over any other Certificate. The Rent under the Leases is payable by the State from moneys in the Public School Capital Construction Assistance Fund, which is funded from revenues received by the State from: (i) a portion of rental income and royalties derived from State school lands; (ii) a portion of the State lottery proceeds; (iii) payments of Matching Moneys from certain K-12 public school institutions, including charter schools, for which the projects are financed; (iv) excise tax revenue from marijuana sales; and (v) if the amount in the Assistance Fund is insufficient to pay the full amount of the payments due to be made under the Leases, any moneys that the Colorado General Assembly transfers to the Assistance Fund from any other legally available sources, including the State General Fund. Upon the occurrence of an Event of Default or an Event of Nonappropriation under any Lease, the Trustee will be entitled to exercise certain remedies with respect to the Leased Property that the State has leased from the Trustee pursuant to the Leases, subject to the terms of the Leases and the Indenture.

Payment of Rent and all other payments by the State constitute currently appropriated expenditures of the State and may be paid solely from legally available moneys in the Assistance Fund, including any moneys appropriated or transferred by the General Assembly to the Assistance Fund from any legally available source if the amount of money in the Assistance Fund that is available to pay Rent will be insufficient to cover the full amount of Rent. All obligations of the State under the Leases are subject to the action of the General Assembly in annually making moneys available for payments thereunder. The obligations of the State to pay Rent and all other obligations of the State under the Leases are subject to appropriation by the General Assembly in its sole discretion, and are not to be deemed or construed as creating an indebtedness of the State within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the State or constitute a multiple fiscal year direct or indirect debt or other financial obligation of the State within the meaning of Section 3 of Article XI or Section 20(4) of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statutes or other State law. In the event the State does not renew any Leases, the sole security available to the Trustee, as lessor under the Leases, is the Leased Property leased under the Leases, subject to the terms of the Leases.

This cover page contains certain information for quick reference only. It is not a summary of the transaction. Each prospective investor should read this Official Statement in its entirety to obtain information essential to making an informed investment decision and should give particular attention to the section entitled "CERTAIN RISK FACTORS."

The Series 2019O Certificates are offered when, as and if delivered, subject to the approving opinion of Kutak Rock LLP., Denver, Colorado, as Bond Counsel, and certain other conditions. Kline Alvarado Veio, P.C., Denver, Colorado, has acted as counsel to the State in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the State by the office of the Attorney General of the State, as counsel to the State. Hilltop Securities Inc., Denver, Colorado, has acted as municipal advisor to the State in connection with the offering and execution and delivery of the Series 2019O Certificates. Stradling Yocca Carlson & Rauth, P.C., Reno, Nevada, has acted as counsel to the Underwriters in connection with this financing. It is expected that the Series 2019O Certificates will be executed and available for delivery through the facilities of DTC on or about December 5, 2019.

RBC CAPITAL MARKETS LLC

KEYBANC CAPITAL MARKETS **WELLS FARGO SECURITIES**

Dated: November 20, 2019

MATURITY SCHEDULE

$165,805,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2019O

Maturing (March 15)	Principal Amount	Interest Rate	Priced to Yield	CUSIP® No.
2020	$4,635,000	5.00%	1.13%	19668Q LF0
2021	3,095,000	5.00	1.18	19668Q LG8
2022	3,220,000	5.00	1.21	19668Q LH6
2023	3,385,000	5.00	1.25	19668Q LJ2
2024	3,555,000	5.00	1.28	19668Q LK9
2025	3,730,000	5.00	1.33	19668Q LL7
2026	3,915,000	5.00	1.43	19668Q LM5
2027	4,110,000	5.00	1.51	19668Q LN3
2028	4,315,000	5.00	1.63	19668Q LP8
2029	4,515,000	5.00	1.75	19668Q LQ6
2030	4,740,000	5.00	1.82[1]	19668Q LR4
2031	4,970,000	5.00	1.87[1]	19668Q LS2
2032	5,215,000	5.00	1.95[1]	19668Q LT0
2033	5,475,000	5.00	2.00[1]	19668Q LU7
2034	5,750,000	5.00	2.06[1]	19668Q LV5
2035	6,035,000	5.00	2.10[1]	19668Q LW3
2036	6,340,000	5.00	2.17[1]	19668Q LX1
2037	6,650,000	4.00	2.48[1]	19668Q LY9
2038	6,915,000	4.00	2.52[1]	19668Q LZ6
2039	7,190,000	4.00	2.57[1]	19668Q MA0
2040	7,480,000	4.00	2.60[1]	19668Q MB8

$60,570,000 4.00% Term Bonds Due March 15, 2044[2] – Priced to Yield 2.70%[1]
CUSIP® No. 19668Q MC6

[1] These Series 2019O Certificates are priced to the first optional redemption date for the Series 2019O Certificates of March 15, 2029, as described in "THE SERIES 2019O CERTIFICATES – Redemption Prior to Maturity – *Optional Redemption*."

[2] These Series 2019O Certificates are subject to mandatory sinking fund redemption prior to maturity as described in "THE SERIES 2019O CERTIFICATES – Redemption Prior to Maturity – *Mandatory Sinking Fund Redemption of the Series 2019O Term Certificates*."

® CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence, and is provided solely for the convenience of the purchasers of the Series 2019O Certificates and only as of the issuance of the Series 2019O Certificates. None of the State, the Trustee or the Underwriters has any responsibility for the accuracy of such data now or at any time in the future. The CUSIP numbers for the Series 2019O Certificates may be changed after the issuance of the Series 2019O Certificates as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of the Series 2019O Certificates or the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2019O Certificates.

PRELIMINARY NOTICES

This Official Statement, which includes the cover page and the Appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Series 2019O Certificates in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Series 2019O Certificates, and if given or made, such information or representations must not be relied upon as having been authorized by the State of Colorado or the Underwriters.

The information set forth in this Official Statement has been obtained from the State, from the sources referenced throughout this Official Statement and from other sources believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of information received from parties other than the State. In accordance with, and as part of, their responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, the Underwriters have reviewed the information in this Official Statement but do not guarantee its accuracy or completeness. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2019O Certificates shall, under any circumstances, create any implication that there has been no change in the affairs of the State or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2019O Certificates and does not have or assume any responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

This Official Statement has been prepared only in connection with the original offering of the Series 2019O Certificates and may not be reproduced or used in whole or in part for any other purpose.

The Series 2019O Certificates have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. In making an investment decision, investors must rely on their own examination of the State, the Series 2019O Certificates and the terms of the offering, including the merits and risks involved. The Series 2019O Certificates have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this Official Statement.

THE PRICES AT WHICH THE SERIES 2019O CERTIFICATES ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE FRONT COVER OF THIS OFFICIAL STATEMENT. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE SERIES 2019O CERTIFICATES, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2019O CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Cautionary Statement Regarding Projections, Estimates and Other Forward-Looking Statements in this Official Statement

This Official Statement, including, but not limited to, the material set forth under "STATE FINANCIAL INFORMATION," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS," "LITIGATION, GOVERNMENTAL IMMUNITY AND SELF INSURANCE" and in "APPENDIX E – THE STATE GENERAL FUND," "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST," "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND" and "APPENDIX J – STATE PENSION SYSTEM," contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimates," "intends," "expects," "believes," "anticipates," "plans," and similar expressions identify forward-looking statements. Any forward-looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forward-looking statements will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward-looking statements and actual results, and those differences may be material. The State does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations change or events, conditions or circumstances on which these statements are based occur.

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* * *

OFFICIAL STATEMENT

Relating to

$165,805,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2019O

INTRODUCTION

This Official Statement, including the cover page, inside front cover, preliminary notices and appendices, provides information in connection with the offering and sale of the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2019O (the "Series 2019O Certificates"). Capitalized terms used herein and not otherwise defined have the meanings assigned to them in the Glossary in the forms of the supplemental indentures for the Series 2019O Certificates included in this Official Statement in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS."

This Official Statement contains information that was either not available or differs from that contained in the Preliminary Official Statement dated November 13, 2019, including, without limitation, the aggregate principal amount, principal amounts per maturity, interest rates, reoffering yields, CUSIP numbers and prior redemption provisions of the Series 2019O Certificates, the estimated sources and application of the proceeds of the Series 2019O Certificates, the price paid by the Underwriters for the purchase of the Series 2019O Certificates and other terms of the Series 2019O Certificates that are dependent on these matters. In addition, the discussion of original issue discount has been deleted from the section hereof captioned "INTRODUCTION – Tax Matters" and "TAX MATTERS." Accordingly, prospective investors should read this Official Statement in its entirety.

This Introduction is not a summary of this Official Statement. It is only a summary description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2019O Certificates to potential investors is made only by means of the entire Official Statement.

The Indenture, the Prior Certificates and the Leases

The Indenture. The Series 2019O Certificates will be executed and delivered by Zions Bancorporation, National Association, Denver, Colorado, as trustee (the "Trustee"), pursuant to the State of Colorado Building Excellent Schools Today Master Trust Indenture, dated August 12, 2009 (the "Master Indenture"), as previously amended and supplemented by supplemental indentures related to the several series of certificates of participation executed and delivered pursuant thereto and as amended and supplemented by the Series 2019O Supplemental Trust Indenture (the "2019O Supplemental Indenture"), to be dated as of the date of delivery of the Series 2019O Certificates (the "Closing Date"), with respect to the Series 2019O Certificates. The Master Indenture, as amended and supplemented to the Closing Date and as may be further amended and supplemented from time to time, is referred to herein collectively as the "Indenture."

The Prior Certificates. Other certificates of participation have been executed and delivered pursuant to the Indenture in addition to the Series 2019O Certificates (each series of which is referred to herein as a "Series" and collectively as the "Certificates"). Upon the execution and delivery of the Series 2019O Certificates, the following certificates of participation that have previously been executed and delivered pursuant to the Indenture (referred to herein collectively as the "Prior Certificates") will also be outstanding in the aggregate principal amount of $1,086,010,000 (or $982,156,997 net of amounts on deposit in sinking funds for the payment of the hereinafter defined Series 2009A Certificates and Series 2010D Certificates as of November 1, 2019). See "PLAN OF FINANCING – The Program."

- State of Colorado Building Excellent Schools Today Certificates of Participation, Qualified School Construction Series 2009A (the "Series 2009A Certificates"), delivered in the original aggregate principal amount and to be outstanding on the Closing Date in the aggregate principal amount of $87,145,000 (or $28,884,834 net of the amount on deposit in the sinking fund for the Series 2009A Certificates as of November 1, 2019) of;

- State of Colorado Building Excellent Schools Today Certificates of Participation, Taxable Qualified School Construction Series 2010D (the "Series 2010D Certificates"), delivered in the original aggregate principal amount and to be outstanding on the Closing Date in the aggregate principal amount of $95,690,000 (or $50,097,163 net of the amount on deposit in the sinking fund for the Series 2010D Certificates as of November 1, 2019);

- State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2012H (the "Series 2012H Certificates"), delivered in the original aggregate principal amount of $195,965,000 and to be outstanding on the Closing Date in the aggregate principal amount of $174,105,000;

- State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2013I (the "Series 2013I Certificates"), delivered in the original aggregate principal amount of $89,510,000 and to be outstanding on the Closing Date in the aggregate principal amount of $82,870,000;

- State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2017J (the "Series 2017J Certificates"), delivered in the original aggregate principal amount and to be outstanding on the Closing Date in the aggregate principal amount of $156,305,000;

- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2017K (the "Series 2017K Certificates"), delivered in the original aggregate principal amount of $115,790,000 and to be outstanding on the Closing Date in the aggregate principal amount of $91,035,000;

- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2018L (the "Series 2018L Certificates"), delivered in the original aggregate principal amount of $75,290,000 and to be outstanding on the Closing Date in the aggregate principal amount of $72,815,000;

- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2018M (the "Series 2018M Certificates"), delivered in the original aggregate principal amount of $93,535,000 and to be outstanding on the Closing Date in the aggregate principal amount of $89,930,000; and

- State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2018N (the "Series 2018N Certificates"), delivered in the original aggregate principal amount of $240,425,000 and to be outstanding on the Closing Date in the aggregate principal amount of $236,115,000.

The Leases. The Series 2019O Certificates and all other Series of Certificates are payable and secured on a parity basis and evidence undivided interests in the right to certain payments by the State under annually renewable lease purchase agreements entered into from time to time by and between the Trustee, as lessor, and the State of Colorado (the "State"), acting by and through the State Treasurer (the "State Treasurer"), as lessee, pursuant to the Indenture, referred to herein collectively as the "Leases." Upon the execution and delivery of the Series 2019O Certificates, the Leases will include the following:

- Series 2009A Lease Purchase Agreement dated as of August 12, 2009;
- Series 2012H Lease Purchase Agreement dated as of December 6, 2012;
- Series 2013I Lease Purchase Agreement dated as of December 9, 2013;
- Series 2015 Lease Purchase Agreement dated as of February 12, 2015;
- Series 2017J Lease Purchase Agreement dated as of December 7, 2017;
- Series 2017K Amended and Restated Lease Purchase Agreement dated as of December 7, 2017, which amends and restates the Series 2011G Lease Purchase Agreement dated as of December 8, 2011;
- Series 2018L Amended and Restated Lease Purchase Agreement dated as of September 18, 2018, which amends and restates the Series 2010B-C Lease Purchase Agreement dated as of March 16, 2010;
- Series 2018M Amended and Restated Lease Purchase Agreement dated as of September 18, 2018, which amends and restates the Series 2010D-F Lease Purchase Agreement dated as of December 16, 2010;
- Series 2018N Lease Purchase Agreement dated as of December 6, 2018; and
- Series 2019O Lease Purchase Agreement to be dated as of the Closing Date (the "2019O Lease").

The Leases will also include any other annually renewable lease purchase agreements that may be entered into in the future between the Trustee, as lessor, and the State, acting by and through the State Treasurer, as lessee, pursuant to the Indenture.

The Leased Property. The property leased by the Trustee to the State pursuant to the Leases is referred to herein collectively as the "Leased Property."

The 2019O Lease is being entered into by the State in order to fund certain capital construction projects approved by the State Board of Education (the "State Board") and a Capital Development Committee established by statute (the "Capital Development Committee") in accordance with Part 1 of Article 43.7 of Title 22, Colorado Revised Statutes, as amended ("C.R.S."), referred to herein as the "Act," as further described in "*The Program*" hereafter in this section and in "PLAN OF FINANCING – The Series 2019O Projects and Series 2019O Participating K-12 Institutions." Each of the Participating K-12 Institutions (defined hereinafter) participating in the financing being funded by the execution and delivery of the Series 2019O Certificates (the "Series 2019O Participating K-12 Institutions") will enter into a Site Lease with the Trustee dated as of the Closing Date (the "2019O Site Leases") pursuant to which, in each case, certain land owned (or acquired prior to or contemporaneously with the execution and delivery of the Series 2019O Certificates) by the respective Series 2019O Participating K-12 Institution and the buildings, structures and improvements now or hereafter located on such land (collectively, the "2019O Leased Property") will be leased to the Trustee. The Trustee will lease such 2019O Leased Property to the State pursuant to the 2019O Lease, and each of the Series 2019O Participating K-12 Institutions will in turn enter into a Sublease with the State (the "2019O Subleases") pursuant to which the Series 2019O Participating K-12 Institution, as Sublessee, will agree, in exchange for use of a portion of the 2019O Leased Property, to pay (subject to its right not to appropriate) all Additional Rent due under the 2019O Lease with respect to such portion of the 2019O Leased Property and the Series 2019O Certificates. See "SECURITY AND SOURCES OF PAYMENT – The Leased Property – *The 2019O Leased Property – The 2019O Subleases and Matching Moneys*."

The execution by the State of any future Leases for Projects (hereinafter defined) not authorized as described above would require authorization by the State, as well as further authorization by the Colorado General Assembly (the "General Assembly") if the aggregate Rent (which includes the Base Rent and Additional Rent, both as described hereinafter) payable under such future Leases, together with the then existing Leases, would cause the maximum aggregate annual Lease payments permitted by the Act to be exceeded. For a description of the Program and such maximum aggregate annual Lease payments, see "PLAN OF FINANCING – The Program."

Any additional Leased Property which the State has already determined or in the future determines to lease pursuant to the Leases will secure all holders of Certificates under the Indenture, including holders of the Series 2019O Certificates, on a parity basis. The State may substitute other property for any portion of the Leased Property upon delivery to the Trustee of certain items as described in "SECURITY AND SOURCES OF PAYMENT – The Leased Property – *Substitution of Leased Property*." Upon any decision of the State to not appropriate and thereby terminate a Lease in a particular year, the State would relinquish its right to use all of the Leased Property or any portion thereof through the term of the related Site Lease. In such event, the Participating K-12 Institution which is the Sublessee of such Leased Property (and, in the case of a charter school, its chartering school entity) will have the option to purchase a portion of such Leased Property under the related Sublease upon certain conditions as further described in "SECURITY AND SOURCES OF PAYMENT – The Leased Property – *Sublessee's Purchase Option*."

See also "SECURITY AND SOURCES OF PAYMENT – The Leased Property" and "CERTAIN RISK FACTORS – Effect of a Nonrenewal of the Lease."

Authorization

The Act. The Series 2019O Certificates are being executed and delivered under authority granted by the constitution and laws of the State and particularly the Act. Pursuant to the Act, the General Assembly has created the Public School Capital Construction Assistance Board (the "Assistance Board") within the Colorado Department of Education and provided that the Assistance Board may authorize the execution by the State Treasurer of lease purchase agreements and related instruments in order to fund the costs of certain capital construction projects (the "Projects") for K-12 public school institutions (the "Participating K-12 Institutions") that are reviewed, prioritized and recommended by the Assistance Board for approval by the State Board and the Capital Development Committee for school districts, boards of cooperative services, charter schools or the Colorado School for the Deaf and Blind in the State, to pay the costs of issuance of the Certificates and to make deposits to funds and accounts held by the Trustee under the Indenture. See also "*The Program*" hereafter in this section and "PLAN OF FINANCING – The Program."

The Program. The Act establishes the Building Excellent Schools Today grant program (the "Program" or the "BEST Program"), which provides funding to rebuild, repair or replace the State's most dangerous and necessary K-12 facilities for the most needy institutions, and leverages such financial assistance through local matching contributions from such institutions. Schools and proposed projects for funding are evaluated by the Assistance Board through an ongoing application process supplemented by a Statewide needs assessment and site visits. Applications are prioritized by the Assistance Board based on the following criteria, in descending order of importance: (1) projects addressing health, safety, security and technology; (2) projects to relieve overcrowding; and (3) all other projects. The Assistance Board's review results in a prioritized list of projects to be submitted to the State for final approval.

The State has funded a variety of Projects pursuant to the Program through the execution and delivery of the Prior Certificates, as well as various Series of Certificates that have been paid in full, and has entered into Leases with respect to all of such Projects. See "The Indenture, the Leases and the Prior Certificates" above in this section. The Projects funded with the Prior Certificates are described in "APPENDIX H – LEASED PROPERTY RELATING TO THE PRIOR CERTIFICATES." The 2019O Lease is being entered into by the State in order to fund certain Projects for the Series 2019O Participating K-12 Institutions which have been recommended by the Assistance Board and approved by the State Board and the Capital Development Committee in accordance with the Act as further described in "PLAN OF FINANCING – The Series 2019O Projects and Series 2019O Participating K-12 Institutions" (the "Series 2019O Projects"). The Master Indenture permits the execution of additional Leases, or amendments to Leases, and the execution and delivery of additional Series of Certificates under the Master Indenture, to fund additional Projects as part of the Program as described in "Additional Certificates" in this section and "SECURITY AND SOURCES OF PAYMENT – Additional Series of Certificates." The Series 2019O Certificates are payable and secured on a parity basis with the Prior Certificates and any future Certificates executed and delivered pursuant to the Master Indenture. The State could also choose to fund future Projects through certificates of participation that are not executed and delivered pursuant to the Master Indenture, in which case the related leased property would not secure the Series 2019O Certificates. See also "SECURITY AND SOURCES OF PAYMENT – The Leased Property."

The Assistance Fund. The Series 2019O Certificates will be payable solely from amounts annually appropriated by the General Assembly to make payments under the Leases as described in "Security and Sources of Payment" in this section and "SECURITY AND SOURCES OF PAYMENT – Payments by the State." The Act requires that, to the extent appropriated, such payments by the State be made from the Public School Capital Construction Assistance Fund created by the Act (the "Assistance Fund"). The Act provides that the Assistance Fund is to be partially funded from a portion of rental income and royalties derived from State school lands, from moneys paid to the State by Participating K-12 Institutions in amounts approved by the State as a condition to the financial assistance provided to such Participating K-12 Institutions ("Matching Moneys"), a portion of State lottery proceeds, excise tax revenues from marijuana sales and, if the amount in the Assistance Fund is insufficient to pay the full amount due to be made under the Leases, any moneys that the General Assembly transfers from any other legally available sources, including the State General Fund. The obligation of a Participating K-12 Institution to pay Matching Moneys to the State, if applicable, may be satisfied by (a) cash, (b) a bond issued by a Participating K-12 Institution or its chartering entity and delivered to the State (a "Matching Moneys Bond") or (c) installment payments made by Participating K-12 Institutions to the State. ***Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Certificates. Once Matching Moneys are deposited in the Assistance Fund, such amounts are available to be appropriated by the State to pay principal and interest on the Certificates or for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects.*** See "APPENDIX G – THE PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND" for a description of the Assistance Fund.

The Act currently provides that the balance of the Assistance Fund as of each June 30 is to be at least equal to the total amount of payments to be made by the State during its next "Fiscal Year" (being the period from July 1 to the ensuing June 30) under the terms of any lease purchase agreement entered into pursuant to the Act less the amount of any Matching Moneys and certain federal moneys to be received for the purpose of making the payments.

Prospective investors should closely review the financial and other information included in this Official Statement regarding the State, including the Assistance Fund and the State General Fund, to evaluate any risks of nonappropriation by the General Assembly. See "STATE FINANCIAL INFORMATION," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS," "APPENDIX A – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018*, AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019*," "APPENDIX E – THE STATE GENERAL FUND," "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST," "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND," "APPENDIX H – LEASED PROPERTY RELATING TO THE PRIOR CERTIFICATES" and "APPENDIX J – STATE PENSION SYSTEM."

Plan of Financing

Proceeds from the sale of the Series 2019O Certificates will be used to finance the costs of the Series 2019O Projects for the Series 2019O Participating K-12 Institutions as more fully discussed in "PLAN OF FINANCING – The Series 2019O Projects and Series 2019O Participating K-12 Institutions," to fund a deposit to the State Public Financing Cash Fund and to pay the costs of issuance associated with the Series 2019O Certificates. See also "PLAN OF FINANCING – Sources and Uses of Funds" for a description of the estimated uses of proceeds of the Series 2019O Certificates.

Terms of the Series 2019O Certificates

General Provisions. The Series 2019O Certificates will be dated as of the Closing Date and will mature on the dates and in the principal amounts set forth on the inside front cover of this Official Statement, subject to optional, mandatory and extraordinary redemption prior to their stated maturity dates as described in "THE SERIES 2019O CERTIFICATES – Redemption Prior to Maturity."

The Series 2019O Certificates will bear interest, at the rates per annum (calculated on the basis of a 360-day year of twelve 30-day months) set forth on the inside front cover of this Official Statement, from the Closing Date to their maturity or prior redemption dates and will be payable semiannually on each March 15 and September 15, commencing March 15, 2020.

Book-Entry Only Registration. The Series 2019O Certificates will be delivered in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will serve as securities depository for the Series 2019O Certificates. Ownership interests in the Series 2019O Certificates ("Beneficial Ownership Interests"), in non-certificated book-entry only form, may be purchased in denominations of $5,000 and integral multiples thereof by or through participants in the DTC system ("DTC Participants"). Beneficial Ownership Interests will be recorded in the name of the purchasers thereof ("Beneficial Owners") on the books of the DTC Participants from whom they are acquired, and will be governed as to payment, prior redemption, transfers, the receipt of notices and other communications with respect to the Series 2019O Certificates and various other matters by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2019O CERTIFICATES – DTC Book-Entry System" and "APPENDIX K – DTC BOOK-ENTRY SYSTEM." References herein to the registered owners of the Series 2019O Certificates (the "Owners") mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

Principal and interest payments with respect to the Series 2019O Certificates will be made by the Trustee, as paying agent for the Series 2019O Certificates, to Cede & Co., as the Owner of the Series 2019O Certificates, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX K – DTC BOOK-ENTRY SYSTEM."

For a more complete description of the general provisions of the Series 2019O Certificates, see "THE SERIES 2019O CERTIFICATES" and the forms of the Master Indenture and the 2019O Supplemental Indenture in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS."

Security and Sources of Payment

The Series 2019O Certificates are secured on a parity basis with all other Series of Certificates executed and delivered pursuant to the Indenture, all of which evidence undivided interests in the right to receive the Lease Revenues, and are payable solely from the Trust Estate under the Indenture without preference, priority or distinction of any Certificate over any other Certificate. The Certificates, including the Series 2019O Certificates, are payable solely from annually appropriated Base Rent (generally an amount equal to the principal of and interest due on the outstanding Certificates) received by the Trustee pursuant to the Leases, other Lease Revenues received by the Trustee pursuant to the Leases and other moneys in the Trust Estate in accordance with the terms of the Indenture. See generally "SECURITY AND SOURCES OF PAYMENT." The Leases provide that the obligation of the State to pay Base Rent and Additional Rent during the Lease Term is, subject only to the other terms of the Leases, absolute and unconditional and is not to be abated or offset for any reason related to the Leased Property; and that notwithstanding any dispute between the State and the Trustee or between the State or the Trustee and any other Person relating to the Leased Property, the State is to pay all Rent when due during the Lease Term. The State is not to withhold any Rent payable during the Lease Term pending final resolution of such dispute and may not assert any right of set-off or counter claim against its obligation to pay Rent; provided, however, that the payment of any Rent will not constitute a waiver by the State of any rights, claims or defenses which the State may assert. No action or inaction on the part of the Trustee will affect the State's obligation to pay Rent during the Lease Term.

An Event of Nonappropriation under the Leases will be deemed to have occurred, subject to the State's right to cure described below, on June 30 of any Fiscal Year if the General Assembly has failed, for any reason, to appropriate sufficient amounts authorized and directed to be used to pay all Base Rent scheduled to be paid and all Additional Rent estimated to be payable in the ensuing Fiscal Year; provided, however, that an Event of Nonappropriation will not be deemed to occur if, on or before August 15 of the ensuing Fiscal Year, (i) the General Assembly has appropriated or otherwise authorized the expenditure of amounts sufficient to avoid an Event of Nonappropriation and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation or authorization.

Upon the occurrence of an Event of Nonappropriation, the Trustee may exercise any of the remedies described in the Leases, including the sale or lease of the Trustee's interest in the Leased Property, subject to the purchase option of the Participating K-12 Institutions (and, in the case of charter schools, the chartering entity) under the respective Subleases. Each such Participating K-12 Institution (and, in the case of charter schools, the chartering entity) has the right under its respective Sublease to purchase all of the Leased Property subject to such Sublease following the occurrence of an Event of Default or Event of Nonappropriation under the related Lease by paying an amount equal to the principal amount of the Attributable Certificates (as defined in in Section 9.01 of the form of the 2019O Subleases appended to this Official Statement) through the closing date for the purchase of such Leased Property, and paying all Additional Rent payable through the date of conveyance of such Leased Property. The net proceeds from the exercise of such remedies are to be applied toward the payment of the Certificates under the Master Indenture, including the Series 2019O Certificates as described in the form of Master Indenture appended to this Official Statement. There can be no assurance that the Participating K-12

Institutions will exercise their right to purchase the Leased Property or that such proceeds will be sufficient to pay all of the principal due on the Series 2019O Certificates.

The State has the option to terminate a Lease and release the related Leased Property from the Indenture in connection with the defeasance of the related Certificates by paying the State's Purchase Option Price applicable to such Lease, and may also substitute other property for any portion of the Leased Property, as described in "SECURITY AND SOURCES OF PAYMENT – The Leased Property – *State's Purchase Option – Substitution of Leased Property*."

Payment of Rent and all other payments by the State constitute currently appropriated expenditures of the State and may be paid solely from legally available moneys in the Assistance Fund, including any moneys appropriated or transferred by the General Assembly to the Assistance Fund from any legally available sources, including the State General Fund, if the amount of money in the Assistance Fund that is available to pay Rent will be insufficient to cover the full amount of Rent. All obligations of the State under the Leases are subject to the action of the General Assembly in annually making moneys available for payments thereunder. The obligations of the State to pay Rent and all other obligations of the State under the Leases are subject to appropriation by the General Assembly in its sole discretion, are not to be deemed or construed as creating an indebtedness of the State within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the State and do not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the State within the meaning of Section 3 of Article XI or Section 20(4) of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statutes or other State law. In the event the State does not renew a Lease, the sole security available to the Trustee, as lessor under the Lease, is the Leased Property leased under such Lease, subject to the terms of the Lease.

Additional Certificates

The Master Indenture permits the execution and delivery of Series of Certificates in addition to the Series 2019O Certificates and the Prior Certificates and which will be secured by the Trust Estate on parity with the Series 2019O Certificates and the Prior Certificates, without notice to or approval of the Owners of the Outstanding Series 2019O Certificates or Prior Certificates, as directed by the State and upon satisfaction of certain conditions, all as provided in the Master Indenture. For a description of these conditions, see "SECURITY AND SOURCES OF PAYMENT – Additional Series of Certificates." If any additional Certificates are executed and delivered, either an additional Lease must be entered into by the State, or one or more existing Leases must be amended, as applicable, to include as Leased Property any additional property that may be leased by the State in connection with the execution and delivery of such additional Certificates. It is anticipated that after the 2019O Certificates are executed and delivered, the currently imposed annual lease payment limits would allow funding of future Projects through the execution and delivery of additional Series of Certificates. See also "PLAN OF FINANCING – The Program."

The State is currently considering the authorization of one or more additional Series of Certificates in Fiscal Year 2019 -20 for the purpose of refunding certain maturities of the Prior Certificates in order to realize present value savings and other economies. There can be no assurance, however, that any such additional Series of Certificates will in fact be executed and delivered.

Certain Risks to Owners of the Series 2019O Certificates

Certain factors described in this Official Statement could affect the payment of Base Rent under the Leases, the value of the Leased Property and the market price of the Series 2019O Certificates to an extent that cannot be determined at this time. Each prospective investor should read the Official Statement in its entirety to make an informed investment decision, giving particular attention to the section entitled "CERTAIN RISK FACTORS."

Legal Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the execution and delivery of the Series 2019O Certificates and will deliver its opinion substantially in the form included in this Official Statement as "APPENDIX D – FORM OF OPINION OF BOND COUNSEL." Certain legal matters will be passed upon for the State by the Attorney General of the State and by Kline Alvarado Veio, P.C., Denver, Colorado, as Special Counsel to the State in connection with the preparation of this Official Statement. Stradling Yocca Carlson & Rauth, P.C., Reno, Nevada, has acted as counsel to the Underwriters in connection with this financing.

Tax Matters

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, the portion of Base Rent paid by the State which is designated and paid as interest on the Series 2019O Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that, under existing Colorado statutes, the interest received by the Owners of the Series 2019O Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. Bond Counsel expresses no opinion regarding other tax consequences related to the ownership or disposition of Series 2019O Certificates. See "TAX MATTERS" and "APPENDIX D – FORM OF OPINION OF BOND COUNSEL."

Continuing Disclosure

Upon delivery of the Series 2019O Certificates, the State will execute a Continuing Disclosure Undertaking in which it will agree, for the benefit of the Owners and Beneficial Owners of the Series 2019O Certificates, to provide to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access ("EMMA") system certain annual financial information regarding the State and notices of the occurrence of certain material events as described in "CONTINUING DISCLOSURE" and "APPENDIX C – FORM OF CONTINUING DISCLOSURE UNDERTAKING."

For a discussion of the recent compliance by the State and certain State departments and agencies that utilize the State's credit with the various continuing disclosure undertakings of such entities, see "CONTINUING DISCLOSURE – Compliance With Other Continuing Disclosure Undertakings – MCDC Settlement Order with the Securities and Exchange Commission."

State Economic and Demographic Information

This Official Statement contains economic and demographic information about the State prepared and compiled in May 2019 by Development Research Partners for use by the State. See "APPENDIX I – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION."

Forward-Looking Statements

See "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward-Looking Statements" at the beginning of this Official Statement.

Miscellaneous

The cover page, inside front cover, preliminary notices and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2019O Certificates and does not have or assume any responsibility as to the accuracy or completeness of any information contained in this Official Statement or any other such disclosure documents.

The quotations from, and summaries and explanations of, the statues, regulations and documents contained herein do not purport to be complete and reference is made to said laws, regulations and documents for full and complete statements of their provisions. Copies, in reasonable quantity, of such laws, regulations and documents (including the Act) may be obtained during the offering period upon request to the representative of the Underwriters of the Series 2019O Certificates: RBC Capital Markets LLC, 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone: (303) 595-1222.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the State and the purchasers or holders of any of the Series 2019O Certificates.

PLAN OF FINANCING

The Program

The Series 2019O Certificates are being delivered under authority granted by the Act and pursuant to the Indenture. The Act creates the Assistance Fund and authorizes the State Treasurer to enter into Leases for Projects approved by the State, provided that the maximum total amount of annual lease payments payable by the State during any Fiscal Year under the Leases is less than the maximum total amount of annual lease payments set forth in the Act for the applicable Fiscal Year (the "Maximum Annual Lease Payments"), currently $105 million for Fiscal Year 2019-20 and $110 million for Fiscal Years 2020-21 and thereafter. If the maximum total amount of annual lease payments of principal or interest payable by the State during any Fiscal Year under the Leases is greater than one-half of the Maximum Annual Lease Payments for the applicable Fiscal Year, the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund pursuant to the Act and any interest or income derived from the deposit and investment of the Matching Moneys must be at least equal to the annual amount of lease payments of principal and interest payable by the State during any Fiscal Year under the Leases that exceeds one-half of the Maximum Annual Lease Payments applicable to such Fiscal Year. See "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND – Matching Moneys." For example, if the total amount of annual lease payments payable by the State in Fiscal Year 2019-20 was $60 million, the State would need to expect at the time that it enters into a Lease that at least $7.5 million ($60 million – ($105 million/2) = $7.5 million) in aggregate Matching Moneys would be credited to the Assistance Fund in Fiscal Year 2019-20.

For purposes of complying with the limitations on Maximum Annual Lease Payments, the "Colorado Recovery and Reinvestment Finance Act of 2009," codified as Section 11-59.7-105(4), C.R.S. (the "CRRFA"), permits the Base Rent due under the Leases to be netted against, and reduced by, certain federal moneys to be received for the purpose of making such payments ("Federal Direct Payments"). Federal Direct Payments are expected to be received by the Trustee on behalf of the State pursuant to the Indenture in connection with the Series 2010D Certificates as a result of their designation as "Qualified School Construction Bonds" for purposes of the Internal Revenue Code of 1986, as amended (the "Tax Code"). See also "SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments."

The annual lease payments due under the Leases and payable by the State in any Fiscal Year during the term of such Leases, net of the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund pursuant to the Act and any interest or income derived from the deposit and investment of the Matching Moneys and net of the Federal Direct Payments expected to be received by the Trustee on behalf of the State pursuant to the Indenture, are expected to be less than one-half of the Maximum Annual Lease Payments for Fiscal Year 2019-20 and thereafter. For this purpose, the impact of sequestration on Federal Direct Payments in Fiscal Year 2019-20 has been taken into account by reducing the amount of Federal Direct Payments expected to be credited to the Assistance Fund by the applicable sequestration reduction percentage. See "BASE RENT AND SERIES 2019O CERTIFICATES PAYMENT SCHEDULE" and "SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments."

The General Assembly has established the Program in order to implement the Act. See "INTRODUCTION – The Program." Each Series of Certificates evidences undivided interests in the right to receive certain payments by the State under the Leases. The following table sets forth the aggregate principal amount of Certificates to be outstanding after the execution and delivery of the Series 2019O Certificates.

Certificates to be Outstanding Upon the Execution and Delivery of the Series 2019O Certificates

Series	Principal Amount Outstanding
Prior Certificates	
Series 2009A Certificates (net of Sinking Fund Account)[1]	$ 28,884,834
Series 2010D Certificates (net of Sinking Fund Account)[1]	50,097,163
Series 2012H Certificates	174,105,000
Series 2013I Certificates	82,870,000
Series 2017J Certificates	156,305,000
Series 2017K Certificates	91,035,000
Series 2018L Certificates	72,815,000
Series 2018M Certificates	89,930,000
Series 2018N Certificates	236,115,000
	982,156,997
Series 2019O Certificates	165,805,000
Total Certificates	$1,147,961,997

[1] The Series 2009A Certificates are outstanding in the total principal amount of $87,145,000 and are not subject to redemption prior to their maturity date of March 15, 2024, and the Series 2010D Certificates are outstanding in the total principal amount of $95,690,000 and also are not subject to redemption prior to their maturity date of March 15, 2028. However, the Trustee is required under the Master Indenture to deposit into the Sinking Fund Accounts established within the Certificate Fund for the Series 2009A Certificates and the Series 2010D Certificates that portion of each payment of Base Rent by the State which is designated and paid as the related Sinking Fund Principal under the related Lease, which amounts are to be applied to the payment of the principal amount of the Series 2009A Certificates and the Series 2010D Certificates at maturity. The amounts shown in the table are the outstanding principal amounts of the Series 2009A Certificates and the Series 2010D Certificates net of the amounts on deposit in the related Sinking Fund Accounts as of November 1, 2019. The total principal amount of the Prior Certificates and all Certificates to be outstanding as of the Closing Date, without deducting the amounts in such Sinking Fund Accounts, will be $1,086,010,000 and $1,251,815,000, respectively.

The Master Indenture permits the execution of additional Leases, and the execution and delivery of additional Series of Certificates under the Master Indenture on a parity basis, in order to fund additional Projects under the Program. See "INTRODUCTION – Authorization – *The Program*" and "SECURITY AND SOURCES OF PAYMENT – Additional Series of Certificates." The State could also choose to fund future Projects under the Program with the proceeds of certificates of participation that are not executed and delivered pursuant to the Master Indenture, in which case the related leased property would not secure the Certificates. The execution by the State of future Leases or an amendment to a Lease for additional Projects, or the execution and delivery of additional Series of Certificates under the Master Indenture, would require authorization by the State and further authorization from the General

Assembly if the aggregate Base Rent payable under the existing Leases and such additional or amended Leases would exceed the annual lease payment limit described above. It is anticipated that after the Series 2019O Certificates are executed and delivered, the currently imposed annual lease payment limits would permit the funding of a few future Projects through the execution and delivery of additional Series of Certificates without further authorization by the General Assembly. See "SECURITY AND SOURCES OF PAYMENT – Additional Series of Certificates."

The Series 2019O Projects and Series 2019O Participating K-12 Institutions

Proceeds of the sale of the Series 2019O Certificates will be used to finance the costs of the Series 2019O Projects, to fund a deposit to the State Public Financing Cash Fund and to pay the costs of issuance associated with the Series 2019O Certificates.

The Series 2019O Projects consist of various capital projects for the Series 2019O Participating K-12 Institutions which have been recommended by the Assistance Board and approved by the State Board and the Capital Development Committee in accordance with the Act for Fiscal Year 2019-20. The following table sets forth the Series 2019O Participating K-12 Institutions and Series 2019O Projects expected to be funded with proceeds of the Series 2019O Certificates, moneys in the Assistance Fund in an amount equal to Matching Moneys to be deposited therein when received from such Series 2019O Participating K-12 Institutions and the total costs of the Series 2019O Projects. See also "SECURITY AND SOURCES OF PAYMENT – The Leased Property – *The 2019O Leased Property*."

Series 2019O Projects and Series 2019O Participating K-12 Institutions

Series 2019O Participating K-12 Institution	**Series 2019O Project Description**	**Matching Moneys[1] (Rounded)**	**Total Project Cost (Rounded)**
Adams-Arapahoe 28J	Renovation of existing 34,700 sq. ft. middle school plus addition of 96,300 sq. ft. w/ 51 new classrooms	$26,521,099	$ 44,201,831
Lake County R-1	New elementary school; 58,459 sq. ft. w/ 21 classrooms	13,870,446	34,676,114
Manzanola 3J	Renovation of existing 33,245 sq. ft. PK-12 school plus addition of 34,255 sq. ft. w/ 14 new classrooms	200,000	31,586,775
Mapleton 1	New elementary school; 60,000 sq. ft. w/ 26 classrooms	6,441,088	23,855,882
North Conejos RE-1J	New high school; 73,311 sq. ft. w/ 25 classrooms	6,419,082	30,643,158
Yuma 1	Renovation of existing 22,530 sq. ft. high school plus addition of 41,700 sq. ft. w/ 22 new classrooms, plus renovations to existing 15,000 sq. ft. middle school	15,968,229	31,936,458
		$69,419,943	$196,900,218

[1] The respective amounts shown in this table as Matching Moneys are required to be funded as described in "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND" by the related Series 2019O Participating K-12 Institution and are to be deposited into the Assistance Fund when received. See "Costs of Sublessee's Project" in the form of 2019O Subleases in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS." **Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2019O Certificates. Once Matching Moneys are deposited in the Assistance Fund, such amounts, together with other amounts on deposit in the Assistance Fund, are available to be appropriated by the General Assembly to pay principal and interest on the Series 2019O Certificates or for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects or projects that are not financed with Certificates. See "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND" for a description of the Assistance Fund.**

Pursuant to the 2019O Subleases to be entered into between the State and the Series 2019O Participating K-12 Institutions, the Series 2019O Participating K-12 Institutions will agree to construct and use the respective Series 2019O Projects in a manner which satisfies the restrictions of the Tax Code and the Act. In accordance with the 2019O Lease, the State will agree to cause such Projects to be constructed by causing a Series 2019O Participating K-12 Institution to comply with its related 2019O Sublease, but no failure of the related Series 2019O Participating K-12 Institution to comply with the relevant provisions of its 2019O Sublease will relieve the State of its obligation to cause the facilities to be constructed. See "SECURITY AND SOURCES OF PAYMENT – The Leased Property – *The 2019O Subleases and Matching Moneys*" and "CERTAIN RISK FACTORS – Actions Under the 2019O Subleases."

See also "SECURITY AND SOURCES OF PAYMENT – Additional Series of Certificates."

Sources and Uses of Funds

The anticipated sources and uses of funds relating to the Series 2019O Certificates are set forth in the following table.

Sources of Funds:	
Par amount of the Series 2019O Certificates	$165,805,000
Original issue premium	25,832,795
Matching Money cash	700,000
Remaining cash authorization	5,953,000
	$198,290,795
Uses of Funds:	
Series 2019O Projects	$196,900,218
Costs of issuance, including underwriting discount[1]	1,390,577
	$198,290,795

[1] This amount (other than the underwriting discount) will be deposited to the Costs of Issuance Account of the Capital Construction Fund and used to pay costs of issuance, including legal fees, rating agencies fees, printing costs and the Municipal Advisor's fee. For information concerning the underwriting discount, see "UNDERWRITING."

THE SERIES 2019O CERTIFICATES

The following is a summary of certain provisions of the Series 2019O Certificates during such time as the Series 2019O Certificates are subject to the DTC book-entry system. Reference is hereby made to the Master Indenture and the 2019O Supplemental Indenture, the forms of which are appended to this Official Statement, for the detailed provisions pertaining to the Series 2019O Certificates, including provisions applicable in the event of the discontinuance of participation in the DTC book-entry system.

Generally

The Series 2019O Certificates are being executed and delivered under authority granted by the laws of the State, including specifically the Act, and pursuant to the Indenture.

The 2019O Certificates will be dated the Closing Date, will mature on the dates and in the principal amounts set forth on the inside front cover of this Official Statement and will be subject to optional, mandatory and extraordinary redemption prior to maturity as described in "Redemption Prior to Maturity" in this section.

Interest on the Series 2019O Certificates, at the rates per annum (calculated on the basis of a 360-day year of twelve 30-day months) set forth on the inside front cover of this Official Statement, will accrue from the Closing Date through the maturity or prior redemption dates of the Series 2019O Certificates and will be payable semiannually on each March 15 and September 15, commencing March 15, 2020.

DTC Book-Entry System

The Series 2019O Certificates will be in fully registered form (*i.e.*, registered as to payment of both principal and interest) and will be registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2019O Certificates. Beneficial Ownership Interests in the Series 2019O Certificates, in non-certificated book-entry only form, may be purchased in authorized denominations of $5,000 or any integral multiple thereof by or through DTC Participants. Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and transfers of such Beneficial Ownership Interests will be accomplished by entries made on the books of the DTC Participants acting on behalf of the Beneficial Owners. References herein to the Owners of the Certificates mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners. For a more detailed description of the DTC book-entry system, see "APPENDIX K – DTC BOOK-ENTRY SYSTEM."

Principal and interest payments with respect to the Series 2019O Certificates will be payable by the Trustee, as paying agent for the Series 2019O Certificates, to Cede & Co., as the Owner of the Series 2019O Certificates, for subsequent credit to the accounts of the Beneficial Owners as discussed in "APPENDIX K – DTC BOOK-ENTRY SYSTEM."

None of the Trustee, the State or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (1) the accuracy of any records maintained by DTC or any DTC Participant, (2) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the Owners of the Series 2019O Certificates under the Indenture, (3) the payment by DTC or any DTC Participant of any amount received under the Indenture with respect to the Series 2019O Certificates, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2019O Certificates or (5) any other related matter.

Redemption Prior to Maturity

Extraordinary Redemption Upon the Occurrence of an Event of Nonappropriation or an Event of Default. The Series 2019O Certificates and all other outstanding Certificates are subject to redemption in whole, on such date as the Trustee may determine to be in the best interest of the Owners, upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Leases, at a redemption price equal to the lesser of: (i) the principal amount of the Series 2019O Certificates and all other outstanding Certificates (with no premium) plus accrued interest, if any, to the redemption date, or (ii) the sum of (A) the amount, if any, received by the Trustee from the exercise of remedies under the Leases with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default under any Lease that gave rise to such redemption and (B) the other amounts available in the Trust Estate for payment of the redemption price of the Series 2019O Certificates and all other outstanding Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease, which amounts are to be allocated among the Series 2019O Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease in proportion to the principal amount of each such Certificate, provided that available moneys in any Sinking Fund Account for each Series of Qualified School Construction Certificates are to be allocated only among Certificates with the same Series designation as such Sinking Fund Account. The payment of such redemption price of any Certificate pursuant to the related supplemental indenture will be deemed to be the payment in full of such Certificate, and no Owner of any Certificate redeemed pursuant to this redemption provision will have any right to any payment from the Trustee or the State in excess of such redemption price.

In addition to any other notice required to be given under the Indenture, immediately upon the occurrence of an Event of Nonappropriation or an Event of Default under any Lease, the Trustee is to notify the Owners of the Certificates that are subject to redemption upon the occurrence and continuation of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under such Lease (i) that such event has occurred and (ii) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price thereof. If the funds then available to the Trustee are sufficient to pay the redemption price, such redemption price is to be paid as soon as possible. If the funds then available to the Trustee are not sufficient to pay the redemption price of the Certificates, the Trustee is to (a) immediately pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Leases, (b) subject to the applicable provisions of the Indenture, immediately begin to exercise and diligently pursue all remedies available to it under the Leases in connection with such Event of Nonappropriation or an Event of Default and (c) pay the remainder of the redemption price, if any, if and when funds become available to the Trustee from the exercise of such remedies.

Optional Redemption. The Series 2019O Certificates are subject to redemption at the option of the State, in whole or in part and if in part in Authorized Denominations from the remaining maturities bearing interest at the same rates designated by the State and by lot within any remaining maturity bearing interest at the same rate designated for redemption, on any date on and after March 15, 2029, at a redemption price equal to the principal amount of the Series 2019O Certificates to be redeemed (with no premium) plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption of the Series 2019O Term Certificates. The Series 2019O Certificates maturing on March 15, 2044 (the "Series 2019O Term Certificates"), are also subject to mandatory sinking fund redemption on March 15 of the years and in the principal amounts set forth below at a redemption price equal to the principal amount thereof (with no premium), plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption Date (March 15)	Principal Amount
2041	$ 3,245,000
2042	3,370,000
2043	3,510,000
2044 (Maturity)	50,445,000

Notice of Redemption. Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, is to be given by the Trustee by mailing a copy of the redemption notice by United States first class mail at least 30 days prior to the date fixed for redemption to the Owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, will not affect the validity of any proceedings of any Certificates as to which no such failure has occurred. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given whether or not the Owner receives the notice. If at the time of mailing of notice of redemption there has not have been deposited with the Trustee moneys sufficient to redeem all the Certificates called for redemption, which moneys are or will be available for redemption of Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the redemption date, and such notice will be of no effect unless such moneys are so deposited.

Redemption Payments. On or prior to the date fixed for redemption, the Trustee is required to apply funds to the payment of the Series 2019O Certificates called for redemption. The Trustee is required to pay to the Owners of Series 2019O Certificates so redeemed (initially Cede & Co.) the amounts due on the Series 2019O Certificates at the Operation Center of the Trustee upon presentation and surrender of the Series 2019O Certificates.

BASE RENT AND SERIES 2019O CERTIFICATES PAYMENT SCHEDULE

The following table sets forth the State's Base Rent obligations in connection with the 2019O Lease (which also constitutes the payment schedule for the Series 2019O Certificates), as well as the State's aggregate Base Rent obligations in connection with the other Leases to be outstanding following the execution and delivery of the Series 2019O Certificates, assuming that all Leases are renewed by the State for the full Lease Term and that there is no prior redemption or defeasance of Certificates other than mandatory sinking fund redemptions.

Base Rent Obligations
(Totals may not add due to rounding)

Fiscal Year (June 30)	Base Rent Series 2019O Certificates: Principal Component[1]	Interest Component[1]	Total	Prior Certificates Total Base Rent	Less Anticipated Federal Direct Payments[2]	Total Net Base Rent for All Certificates
2020	$ 4,635,000	$ 2,056,167	$ 6,691,167	$ 79,110,975	$ (4,854,641)	$ 80,947,501
2021	3,095,000	7,170,450	10,265,450	79,046,375	(4,862,392)	84,449,433
2022	3,220,000	7,015,700	10,235,700	79,041,425	(4,862,392)	84,414,733
2023	3,385,000	6,854,700	10,239,700	79,021,925	(4,862,392)	84,399,233
2024	3,555,000	6,685,450	10,240,450	79,011,100	(4,862,392)	84,389,158
2025	3,730,000	6,507,700	10,237,700	78,999,300	(4,862,392)	84,374,608
2026	3,915,000	6,321,200	10,236,200	78,984,700	(4,862,392)	84,358,508
2027	4,110,000	6,125,450	10,235,450	78,967,000	(4,862,392)	84,340,058
2028	4,315,000	5,919,950	10,234,950	78,953,950	(4,862,392)	84,326,508
2029	4,515,000	5,704,200	10,219,200	74,092,263	--	84,311,463
2030	4,740,000	5,478,450	10,218,450	74,080,063	--	84,298,513
2031	4,970,000	5,241,450	10,211,450	71,200,463	--	81,411,913
2032	5,215,000	4,992,950	10,207,950	66,651,913	--	76,859,863
2033	5,475,000	4,732,200	10,207,200	64,380,263	--	74,587,463
2034	5,750,000	4,458,450	10,208,450	60,033,088	--	70,241,538
2035	6,035,000	4,170,950	10,205,950	57,768,938	--	67,974,888
2036	6,340,000	3,869,200	10,209,200	57,757,975	--	67,967,175
2037	6,650,000	3,552,200	10,202,200	57,753,788	--	67,955,988
2038	6,915,000	3,286,200	10,201,200	57,746,288	--	67,947,488
2039	7,190,000	3,009,600	10,199,600	53,698,075	--	63,897,675
2040	7,480,000	2,722,000	10,202,000	46,795,050	--	56,997,050
2041	3,245,000	2,422,800	5,667,800	46,796,863	--	52,464,663
2042	3,370,000	2,293,000	5,663,000	46,799,613	--	52,462,613
2043	3,510,000	2,158,200	5,668,200	46,794,800	--	52,463,000
2044	50,445,000	2,017,800	52,462,800	--	--	52,462,800
	$165,805,000	$114,766,417	$280,571,417	$1,593,486,186	$(43,753,774)	$1,830,303,829

[1] There will be credited against the amount of Base Rent otherwise payable under the related Lease the amount on deposit in the Certificate Fund that is not restricted by the Indenture to the payment of the redemption price of Certificates or the costs of defeasing Certificates.

[2] Represents amount of expected Federal Direct Payments on the Series 2010D Certificates. Although the ongoing existence or level of Federal Direct Payments reductions is not possible to forecast, the amounts shown in the table assume a sequestration rate of 6.2% for the September 2019 payment and 5.9% for all subsequent payments. See "SECURITY AND SOURCES OF PAYMENT – Payments by the State – Federal Direct Payments" and "CERTAIN RISK FACTORS – Federal Direct Payments" for a discussion of Federal Direct Payments and the potential effect of sequestration.

Source: The Municipal Advisor

SECURITY AND SOURCES OF PAYMENT

Payments by the State

The Series 2019O Certificates evidence undivided interests in the right to receive Lease Revenues pursuant to the Leases on a parity basis with all other Certificates outstanding from time to time. The Certificates are payable solely from the Trust Estate without preference, priority or distinction of any Certificate over any other Certificate. The Lease Revenues include: (i) the Base Rent; (ii) Federal Direct Payments; (iii) the State's Purchase Option Price (as defined in "The Leased Property – *State's Purchase Option*" hereafter in this section), if paid (including any Net Proceeds applied to the payment of the State's Purchase Option Price pursuant to a Lease); (iv) earnings on moneys on deposit in the Certificate Fund, the Capital Construction Fund and the State Expense Fund (but not the Rebate Fund or any defeasance escrow account); and (v) any other moneys to which the Trustee may be entitled for the benefit of the Owners. All payment obligations of the State under each Lease, including, but not limited to, payment of Base Rent, are from year to year only and do not constitute a mandatory charge or requirement in any year beyond the State's then current Fiscal Year. All covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, contained in the Leases are the covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the State or the Trustee in his or her individual capacity, and no recourse may be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or under the Leases, against any member, director, officer, employee, servant or other agent of the State or the Trustee or any natural person executing Leases or any related document or instrument; provided that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

As more fully described in "CERTAIN RISK FACTORS" and the form of the 2019O Lease appended to this Official Statement, following an Event of Nonappropriation, the Lease Term of a Lease will terminate on June 30 of any Fiscal Year in which the Event of Nonappropriation occurs.

Under the Act, Base Rent and Additional Rent must be paid from the amounts on deposit in the Assistance Fund, which is established by the Act and provides for the deposit thereto of certain revenues as described in "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND." The Act also permits the General Assembly to appropriate or transfer moneys to the Assistance Fund from any legally available source, including the State General Fund, if the amounts in the Assistance Fund are insufficient to cover the full amount of Rent required by the Leases. Any such amounts in the Assistance Fund may be used only to pay Base Rent and Additional Rent if specifically appropriated by the General Assembly for that purpose. The State is not obligated to appropriate such revenues to the Assistance Fund, or to appropriate any other State moneys to be transferred to the Assistance Fund, for purposes of paying Base Rent or Additional Rent under the Leases. In addition, amounts on deposit in the Assistance Fund are not restricted to the payment of the Certificates and may be used for any purpose permitted by the Act, including, without limitation, defraying the cost of Projects. See "STATE FINANCIAL INFORMATION," "APPENDIX E – THE STATE GENERAL FUND" and "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND."

PAYMENT OF RENT AND ALL OTHER PAYMENTS BY THE STATE CONSTITUTE CURRENTLY APPROPRIATED EXPENDITURES OF THE STATE AND MAY BE PAID SOLELY FROM LEGALLY AVAILABLE MONEYS IN THE ASSISTANCE FUND, INCLUDING ANY MONEYS APPROPRIATED OR TRANSFERRED BY THE GENERAL ASSEMBLY TO THE ASSISTANCE FUND FROM ANY LEGALLY AVAILABLE SOURCE, INCLUDING THE STATE GENERAL FUND, IF THE AMOUNT OF MONEY IN THE ASSISTANCE FUND THAT IS

AVAILABLE TO PAY RENT WILL BE INSUFFICIENT TO COVER THE FULL AMOUNT OF RENT. ALL OBLIGATIONS OF THE STATE UNDER THE LEASES ARE SUBJECT TO THE ACTION OF THE GENERAL ASSEMBLY IN ANNUALLY MAKING MONEYS AVAILABLE FOR PAYMENTS THEREUNDER. THE OBLIGATIONS OF THE STATE TO PAY RENT AND ALL OTHER OBLIGATIONS OF THE STATE UNDER THE LEASES ARE SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY IN ITS SOLE DISCRETION, SHALL NOT BE DEEMED OR CONSTRUED AS CREATING AN INDEBTEDNESS OF THE STATE WITHIN THE MEANING OF ANY PROVISION OF THE STATE CONSTITUTION OR THE LAWS OF THE STATE CONCERNING OR LIMITING THE CREATION OF INDEBTEDNESS OF THE STATE AND SHALL NOT CONSTITUTE A MULTIPLE FISCAL YEAR DIRECT OR INDIRECT DEBT OR OTHER FINANCIAL OBLIGATION OF THE STATE WITHIN THE MEANING OF SECTION 3 OF ARTICLE XI OR SECTION 20(4) OF ARTICLE X OF THE STATE CONSTITUTION OR ANY OTHER LIMITATION OR PROVISION OF THE STATE CONSTITUTION, STATE STATUTES OR OTHER STATE LAW. IN THE EVENT THE STATE DOES NOT RENEW ANY LEASE, THE SOLE SECURITY AVAILABLE TO THE TRUSTEE, AS LESSOR UNDER THE LEASES, IS THE LEASED PROPERTY LEASED UNDER THE LEASES, SUBJECT TO THE TERMS OF THE LEASES. THE STATE'S OBLIGATIONS UNDER THE LEASES ARE SUBJECT TO THE STATE'S ANNUAL RIGHT TO TERMINATE THE LEASES UPON THE OCCURRENCE OF AN EVENT OF NONAPPROPRIATION. SEE "CERTAIN RISK FACTORS."

Lease Term

The Lease Term of each Lease is comprised of the Initial Term commencing on the date the Lease is executed and delivered and ending on June 30 of that Fiscal Year and successive one year Renewal Terms, subject to the provisions described below. The Lease Term of any Lease expires upon the earliest of any of the following events: (a) the last day of the month in which the final Base Rent payment is scheduled to be paid in accordance with the Lease; (b) June 30 of the Initial Term or June 30 of any Renewal Term during which, in either case, an Event of Nonappropriation has occurred; (c) the purchase of all the Leased Property by the State pursuant to the Lease; or (d) termination of the Lease following an Event of Default in accordance with the Lease. Notwithstanding the preceding sentence, an Event of Nonappropriation will not be deemed to occur if, on or before August 15 of the ensuing Fiscal Year, (i) the General Assembly has appropriated or otherwise authorized the expenditure of amounts sufficient to avoid an Event of Nonappropriation as described in the preceding sentence and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation or authorization.

Upon termination of the Lease Term, all unaccrued obligations of the State under the Lease will terminate, but all obligations of the State that have accrued thereunder prior to such termination will continue until they are discharged in full; and if the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the State's right to possession of the Leased Property thereunder will terminate and (i) the State is required to vacate the Leased Property within 90 days, and (ii) if and to the extent the General Assembly has appropriated funds for payment of Rent payable during, or with respect to the State's use of the Leased Property during, the period between termination of the Lease Term and the date the Leased Property is vacated pursuant to clause (i), the State is obligated to pay Base Rent to the Trustee and Additional Rent to the Persons entitled thereto. If the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the Trustee is entitled to exercise certain remedies with respect to the Leased Property as further described in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS."

Nonrenewal of the Lease Term

The State is not permitted to renew the Leases or any of them (including the 2019O Lease) with respect to less than all of the Leased Property. Accordingly, a decision to not renew a Lease would mean the loss of the use by the State of all of the Leased Property (including the 2019O Leased Property). Upon a nonrenewal of the Lease Term by reason of an Event of Nonappropriation or an Event of Default, and so long as the State has not exercised its purchase option with respect to all the related Leased Property as described in "The Leased Property – *State's Purchase Option*" hereafter in this section, or any Participating K-12 Institution has not exercised the purchase option of its portion of the related Leased Property as described in "The Leased Property – *Sublessee's Purchase Option*" hereafter in this section, the State and such related Participating K-12 Institutions (and, in the case of charter schools, the chartering entities) not exercising the purchase option are required to vacate the Leased Property within 90 days. The Trustee may proceed to exercise any remedies available to the Trustee for the benefit of the Owners of the Certificates and may exercise any other remedies available upon default as provided in the Leases, including the sale of or lease of the Trustee's interest under the Site Leases. See "CERTAIN RISK FACTORS" and the forms of the financing documents for the Series 2019O Certificates included in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS."

The Leases place certain limitations on the availability of money damages against the State as a remedy in an Event of Default or an Event of Nonappropriation. For example, the Leases provide that a judgment requiring a payment of money may be entered against the State by reason of an Event of Nonappropriation only to the extent the State fails to vacate the Leased Property as required by the related Lease and only as to certain liabilities as described in the Leases. All property, funds and rights acquired by the Trustee upon the nonrenewal of the Leases, along with other moneys then held by the Trustee under the Indenture (with certain exceptions and subject to certain priorities as provided in the Leases and the Indenture), are required to be used to redeem the related Certificates if and to the extent any such moneys are realized. See "CERTAIN RISK FACTORS" and the forms of the financing documents for the Series 2019O Certificates included in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS."

The Leased Property

Generally. The Leased Property consists of the property leased by the Trustee to the State pursuant to each of the Leases. As described above, the State is not permitted to renew the Leases or any of them (including the 2019O Lease) with respect to less than all of the Leased Property. Accordingly, a decision to not renew a Lease would mean the loss of the use by the State of all of the Leased Property (including the 2019O Leased Property) unless the purchase option for all of the Leased Property has been exercised by the State. See "*State's Purchase Option*" hereafter in this section. The State may make substitutions, or may consent to substitutions by the related Participating K-12 Institution, of the related Leased Property in accordance with the terms of the related Leases and Subleases as described in "*Substitution of Leased Property*" hereafter in this section. Owners of the Series 2019O Certificates should not assume that it will be possible to foreclose upon or otherwise dispose of any Leased Property, or any portion thereof, for an amount equal to the respective principal amounts of the Certificates (including the Prior Certificates) plus accrued interest thereon. See "CERTAIN RISK FACTORS – Effect of Nonrenewal of a Lease" for a description of some of the factors that may impact the value of Leased Property.

In some cases, the Leased Property for a Participating K-12 Institution is comprised of leasehold interests in land and the school facilities for such Participating K-12 Institutions to be built thereon consistent with construction guidelines adopted by the Assistance Board. Under such circumstances, such Participating K-12 Institutions have covenanted to complete construction of their respective facilities within three years of the date of the related Sublease.

Current Leased Property. See "APPENDIX H – LEASED PROPERTY RELATING TO THE PRIOR CERTIFICATES" for a description of the Leased Property that is subject to the existing Leases, which includes certain Projects that have been cleared for occupancy and are currently in operation as well as certain facilities that were not financed with the Certificates. See also "*The 2019O Leased Property*" hereafter in this section.

The 2019O Leased Property. Prior to the issuance of the Series 2019O Certificates, the State is required to certify to the Trustee that the Fair Market Value of the 2019O Leased Property is at least equal to 90% of the principal amount of the Series 2019O Certificates. See "Additional Series of Certificates" hereafter in this section. The 2019O Leased Property subject to 2019O Site Leases between the Trustee and the respective 2019O Participating K-12 Institutions is set forth in the following table. See also "PLAN OF FINANCING – The Series 2019O Projects and Series 2019O Participating K-12 Institutions."

2019O Leased Property

Participating K-12 Institutions	Description of Leased Property[1]	Land	Fair Market Value[2,3]
Adams-Arapahoe 28J	Existing middle school plus Series 2019O Project[4] plus land value	10.1 acres	$ 14,774,419
Lake County R-1	Series 2019O Project[4] plus land value	10.007 acres	35,562,274
Manzanola 3J	Existing school plus Series 2019O Project[4] plus land value	8.139 acres	34,898,812
Mapleton 1	Series 2019O Project[4] plus land value	7.346 acres	24,752,026
North Conejos RE-1J	Series 2019O Project[4] plus land value plus value of four existing buildings that remain	29.7 acres	32,813,660
Yuma 1	Existing high school and outbuildings plus high school component of Series 2019O Project[4] plus land value less off-site costs and demolition	8.838 acres	39,769,055
			$182,570,246

1 The 2019O Leased Property shown in this table, or any portion thereof, may be released and other property substituted therefor as described in "*Substitution of Leased Property*" below. In some cases, the 2019O Leased Property is comprised of existing facilities which will not be wholly or partially financed with the proceeds of the Series 2019O Certificates.

2 As defined in the Glossary included in the form of 2019O Supplemental Indenture included in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS."

3 These amounts include, entirely or in part (in the case of renovations or additions), the valuation of existing buildings on the Leased Property based on a determination by the Colorado School District Self Insurance Pool, the Participating K-12 Institution's private carrier and the State and have not been determined or confirmed by any third party evaluation. New construction value is equal to the amount deposited to the related Project Account, Allocated Investment Earnings (as defined in the Glossary included in the form of 2019O Supplemental Indenture included in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS") and amounts that may be withdrawn from the Assistance Fund to fund construction of the related Project.

4 See "PLAN OF FINANCING – The Series 2019O Projects and Series 2019O Participating K-12 Institutions."

The 2019O Subleases and Matching Moneys. In connection with the execution and delivery of the Series 2019O Certificates, the State and each of the Series 2019O Participating K-12 Institutions will enter into a 2019O Sublease pursuant to which each of such Series 2019O Participating K-12 Institutions, as Sublessee, will agree, in exchange for use of a portion of the 2019O Leased Property, to pay (subject to their right not to appropriate) all Additional Rent due under the 2019O Lease with respect to such portion of the 2019O Leased Property and the Series 2019O Certificates. The respective obligations of such Series 2019O Participating K-12 Institutions to pay these amounts under the 2019O Subleases are subject to annual appropriation by such Series 2019O Participating K-12 Institutions. Each of such Participating K-12 Institutions also agrees to maintain their respective 2019O Leased Property and to provide all insurance for such 2019O Leased Property as required by the 2019O Lease.

Certain Series 2019O Participating K-12 Institutions or their chartering entity have agreed to pay Matching Moneys to the State for credit to the Assistance Fund with respect to such Series 2019O Participating K-12 Institution's Project in the form of cash, principal of and interest on Matching Moneys Bonds or installment payments. Neither the cash nor the Matching Moneys Bonds are subject to annual appropriation by the Series 2019O Participating K-12 Institution, although Matching Moneys installment payments are subject to such annual appropriation.

The obligations and rights of a Series 2019O Participating K-12 Institution and the State with respect to the Series 2019O Participating K-12 Institution's Matching Moneys Bonds or installment payments are independent of the obligations of the Series 2019O Participating K-12 Institution, as Sublessee, and the rights of the State under the 2019O Subleases and, except as otherwise specifically provided in the related 2019O Sublease, (a) the obligations of the Series 2019O Participating K-12 Institution or its chartering entity and the rights of the State with respect to the Series 2019O Participating K-12 Institution's obligations under the Matching Moneys Bonds or installment payments will survive the termination of the 2019O Subleases, and (b) no failure to perform or other action of the State with respect to the 2019O Subleases will affect the State's rights to enforce the obligations of the Series 2019O Participating K-12 Institutions or their chartering entity to make payments under their Matching Moneys Bonds or installment payments.

Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2019O Certificates. Once Matching Moneys are deposited in the Assistance Fund, such amounts, together with other amounts on deposit therein, are available to be appropriated by the State to pay principal and interest on the Series 2019O Certificates or for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects.

State's Purchase Option. The Leases grant to the State the option to purchase all, but not less than all, of the related Leased Property in connection with the defeasance of all the related Certificates by paying to the Trustee the "State's Purchase Option Price," subject to compliance with all conditions to the defeasance of the related Certificates under the Indenture, including, but not limited to, the receipt of an opinion of Bond Counsel that the defeasance will not cause an Adverse Tax Event as defined in the related Supplemental Indenture. For purposes of the purchase of all the related Leased Property as described in this paragraph, the "State's Purchase Option Price" is an amount sufficient (i) to defease all the related Certificates in accordance with the defeasance provisions of the Indenture, and (ii) to pay all Additional Rent payable through the date on which the related Leased Property is conveyed to the State or its designee pursuant to the Indenture, including, but not limited to, all fees and expenses of the Trustee relating to the conveyance of the related Leased Property and the payment, redemption or defeasance of the Outstanding related Certificates; provided, however, that (a) the State's Purchase Option Price is to be reduced by the moneys, if any, in the funds and accounts created under the Master Indenture (except the Rebate Fund and any existing defeasance escrows accounts established pursuant to the Master Indenture) that are available for deposit in the defeasance escrow account established pursuant to the Master Indenture for the related Certificates, and (b) if any related Certificates have been paid, redeemed or defeased with the proceeds of another Series of Certificates, in applying this subsection, Outstanding Certificates of the Series of Certificates the proceeds of which were used to pay, redeem or defease the related Certificates are to be substituted for the related Certificates that were paid, redeemed or defeased, which substitution is to be accomplished in any reasonable manner selected by the State in its sole discretion.

In order to exercise its option to purchase the related Leased Property as described in the previous paragraph, the State is required to: (i) give written notice to the Trustee (A) stating that the State intends to purchase the related Leased Property as described in the previous paragraph, (B) identifying the source of funds it will use to pay the State's Purchase Option Price and (C) specifying a closing date for such purpose which is at least 30 and no more than 90 days after the delivery of such notice; and (ii) pay the State's Purchase Option Price to the Trustee in immediately available funds on the closing date.

Sublessee's Purchase Option. Each Sublessee has the option to purchase all, but not less than all, of the portion of the Leased Property subject to its Sublease following the occurrence of an Event of Default or an Event of Nonappropriation under the Leases. See "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS." A Sublessee would exercise such option by paying an amount equal to the principal amount of the Attributable Certificates through the closing date for the purchase of such Leased Property and to pay all Additional Rent payable through the date of conveyance of such Leased Property. The net proceeds from the exercise of such remedies are to be applied toward the payment of the Certificates under the Master Indenture, including the Series 2019O Certificates. In the Leases, the Trustee has agreed to notify each Sublessee of the occurrence of an Event of Default or Event of Nonappropriation under any Lease. There can be no assurance that the Sublessee will exercise its right to purchase such Leased Property or that such proceeds will be sufficient to pay all of the principal due on the related Certificates.

Substitution of Leased Property. The Sublessees are permitted by the respective Subleases to substitute other property for the respective Leased Property with the consent of the State and upon delivery of certain items, including a certification that the Fair Market Value of the substituted property is equal to or greater than the Fair Market Value of the Leased Property for which it is being substituted, a title insurance policy, a certificate regarding the useful life and essentiality of the substituted property and an opinion of Bond Counsel to the effect that such substitution is permitted under the related Lease and that such substitution will not cause the State or any sublessee to violate the State's tax covenants set forth in Section 9.04 of the related Lease or the Participating K-12 Institution's tax covenants set forth in Section 10.04 of the Subleases. See such sections in the form of the 2019O Lease in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS." Furthermore, the State is permitted under each Lease to substitute other property for certain Leased Property so long as, following the substitution, either (i) the Fair Market Value of the substituted property determined as of the date of substitution is equal to or greater than the Fair Market Value of the Leased Property for which it is being substituted, or (ii) all of the Leased Property has a Fair Market Value at least equal to 90% of the principal amount of all Outstanding Certificates and the Trustee receives adequate title insurance documentation, a certificate as to the useful life and essentiality of the substituted property and an opinion of Bond Counsel that such substitution will not cause the State to violate its tax covenant set forth in Section 9.04 of the related Lease. The State's certification as to the value may be given based and in reliance upon certifications by the Sublessees and the certifications as to useful life and essentiality may also be provided by the Sublessees.

Insurance. The Leased Property is required to be insured by the related Participating K-12 Institutions as described in "CERTAIN RISK FACTORS – Insurance of the Leased Property," and the insurance proceeds are required to be applied by the Trustee as described in the section of the form of the Series 2019O Lease appended to this Official Statement under the caption "Damage, Destruction and Condemnation." Pursuant to the Subleases, the related Participating K-12 Institutions have undertaken or will undertake to provide such insurance with respect to the respective Leased Property as required by the related Leases. See also the form of the 2019O Subleases appended to this Official Statement.

Federal Direct Payments

The State elected to designate the Series 2010D Certificates as "Qualified School Construction Bonds" under Section 54F of the Tax Code and has made an irrevocable election under the Tax Code so that the State will receive Federal Direct Payments from the United States Treasury in connection therewith.

Federal Direct Payments, to the extent received from the United States Treasury and deposited with the Trustee on behalf of the State and in accordance with the terms of the CRRFA, will be netted against, and reduce, the interest portion of the gross Base Rent due each Fiscal Year from the State under the related Lease. However, the amount of Base Rent to be included in the annual budget proposal submitted to the General Assembly pursuant to the terms of the Leases will be the gross Base Rent not reduced by the Federal Direct Payments. See "CERTAIN RISK FACTORS – Federal Direct Payments."

To the extent any moneys in the Principal Account or Interest Account of the Certificate Fund are not held to pay the redemption price of Certificates for which a notice of redemption has been delivered, such moneys will be applied as a reduction of the budgeted Base Rent.

The State, like other governmental entities, is subject to developments at the federal level with respect to the Budget Control Act of 2011 ("sequestration"). The originally scheduled Federal Direct Payments were reduced by 6.6% for federal fiscal year 2018 (which ended September 30, 2018) as a result of sequestration. The originally scheduled Federal Direct Payments were reduced by 6.2% in federal fiscal year 2019 (which ended September 30, 2019) and by 5.9% in federal fiscal year 2020 (which ends September 30, 2020). Under a federal budget bill enacted in February 2018, the sequestration reduction will continue through federal fiscal year 2027. The sequestration reduction rate remains subject to change should additional laws be enacted which impact the sequester.

Additional Series of Certificates

Generally. So long as the Lease Term remains in effect and no Event of Nonappropriation or an Event of Default has occurred and is continuing, one or more additional Series of Certificates may be executed and delivered as directed by the State, without the consent of Owners of outstanding Certificates, upon the terms and conditions as provided in the Master Indenture. ***Each Certificate executed and delivered pursuant to the Indenture will evidence an undivided interest in the right to receive Lease Revenues and will be payable solely from the Trust Estate without preference, priority or distinction of any Certificate over any other Certificate.***

Additional Series of Certificates may be executed and delivered only upon satisfaction of each of the following conditions:

(i) The Trustee has received a form of Supplemental Indenture that specifies the following: (a) the Series designation, the aggregate principal amount, the Authorized Denominations, the dated date, the maturity dates, the interest rates, if any, the redemption provisions, if any, the Tax Treatment Designation, the form and any variations from the terms set forth in the Master Indenture with respect to such Series of Certificates; (b) any amendment, supplement or restatement of the Glossary required or deemed by the State to be advisable or desirable in connection with such Supplemental Indenture; and (c) any other provisions deemed by the State to be advisable or desirable and that do not violate and are not in conflict with the Master Indenture or any previous Supplemental Indenture.

(ii) The Trustee has received forms of a new Site Lease and Lease or amendments to an existing Site Lease and Lease adding any new Leased Property and/or amendments to an existing Site Lease and Lease removing or modifying any Leased Property that is to be removed or modified.

(iii) If the proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to the Master Indenture, the Trustee has received a form of a defeasance escrow agreement and the other items required by the Master Indenture.

(iv) The State has certified to the Trustee that: (a) the Fair Market Value of the property added to the Leased Property in connection with the execution and delivery of such Series of Certificates is at least equal to 90% of the principal amount of such Series of Certificates; and (b) no Event of Default or Event of Nonappropriation exists under any Lease. The certification of the State pursuant to clause (a) may be given based and in reliance upon certifications by the Sublessees that leased the Leased Property to the Trustee pursuant to Site Leases.

(v) The Trustee has received evidence that the execution and delivery of the Series of Certificates will not result in a reduction of the then current rating by any Rating Agency of any Outstanding Certificates, which evidence may take the form of a letter from a Rating Agency, a certificate of a financial advisor to the State or a certificate of an underwriter of Certificates.

(vi) The State has directed the Trustee in writing as to the delivery of the Series of Certificates and the application of the proceeds of the Series of Certificates, including, but not limited to, the amount to be deposited into the Project Account established for each Participating K-12 Institution, the amount, if any, of the Allocated Investment Earnings for each Project Account, the amount to be deposited into the Cost of Issuance Account and, if proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to the Master Indenture, the amount to be deposited into the defeasance escrow account established pursuant to the Master Indenture.

(vii) The Trustee has received a written opinion of Bond Counsel to the effect that (a) the Certificates of such Series have been duly authorized, executed and delivered pursuant to the Act, the Master Indenture and the Supplemental Indenture executed and delivered in connection with the execution and delivery of such Series of Certificates and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Outstanding Certificate, and (b) the execution, sale and delivery of the Series of Certificates will not constitute an Event of Default or a Failure to Perform nor cause any violation of the covenants set forth in the Master Indenture.

The State is currently considering the authorization of one or more additional Series of Certificates in Fiscal Year 2019-20 for the purpose of refunding certain maturities of the Prior Certificates in order to realize present value savings and other economies. There can be no assurance, however, that any such additional Series of Certificates will in fact be executed and delivered.

CERTAIN RISK FACTORS

The following is a discussion of certain risks and other factors to be considered in connection with a prospective investment in the Series 2019O Certificates. Prospective investors should read this Official Statement in its entirety, and fully understand and evaluate these risks and other factors, as well as the information set forth elsewhere in this Official Statement, in order to make an informed investment decision. Each prospective investor is urged to consult with its own legal, financial and tax advisors to determine whether an investment in the Series 2019O Certificates is appropriate for such prospective investor.

This section is not intended to be an exhaustive list of all risks associated with an investment in the Series 2019O Certificates, nor are the risks set forth in this section necessarily presented in order of relevance, materiality or importance.

Option to Renew the Leases Annually

The obligation of the State, as lessee, to make payments under the Leases (including the 2019O Lease) does not constitute an obligation of the State to apply its general resources beyond the current Fiscal Year. The State is not obligated to pay Base Rent or Additional Rent under the Leases unless funds are appropriated by the General Assembly each year, notwithstanding the fact that sufficient funds may or may not be on deposit in the Assistance Fund or otherwise may be available for transfer from any other source. If, on or before June 30 of each Fiscal Year, the General Assembly does not specifically appropriate amounts sufficient to pay all Base Rent and Additional Rent, as estimated, for the next Fiscal Year, then an

Event of Nonappropriation will be deemed to have occurred. Upon the occurrence of an Event of Nonappropriation as described above, or otherwise as provided in the Leases (including the 2019O Lease), the Lease Term of the Leases will be terminated; provided, however, that an Event of Nonappropriation will not be deemed to occur if, on or before August 15 of the ensuing Fiscal Year, (i) the General Assembly has appropriated or otherwise authorized the expenditure of amounts sufficient to avoid an Event of Nonappropriation and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation or authorization. See the sections captioned "Event of Nonappropriation" in the form of the 2019O Lease in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS."

There can be no assurance that the State will renew the Leases from Fiscal Year to Fiscal Year and therefore not terminate the Leases, and the State has no obligation to do so. There is no penalty to the State (other than loss of the use of the Leased Property for itself and, unless the purchase option under a Sublease has been exercised, the related Participating K-12 Institutions) if the State does not renew particular Leases on an annual basis and therefore terminates all of its obligations under such Leases. Various political and economic factors could lead to the failure to appropriate or budget sufficient funds to make the required payments under the Leases, and prospective investors should carefully consider any factors which may influence the budgetary process. The appropriation of funds may be affected by the continuing need of the State or the Participating K-12 Institutions for the Leased Property (including the 2019O Leased Property). In addition, the ability of the State to maintain adequate revenues for its operations and obligations in general (including obligations associated with the 2019O Lease) is dependent upon several factors outside the State's control, such as the economy, legislative changes and federal funding. Restrictions imposed under the State Constitution on the State's revenues and spending apply to the collection and expenditure of certain revenues which may be used to pay Base Rent and Additional Rent, and also may impact the ability of the State to appropriate sufficient funds to pay Base Rent and Additional Rent each year. See "SECURITY AND SOURCES OF PAYMENT," "STATE FINANCIAL INFORMATION," "APPENDIX E – THE STATE GENERAL FUND" and "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND."

Payment of the principal of and interest, if any, on the Certificates (including the Series 2019O Certificates) upon the occurrence of an Event of Lease Default or an Event of Nonappropriation will be dependent upon (1) the value of the Leased Property in a liquidation proceeding instituted by the Trustee or (2) any rental income from leasing (to others) the Leased Property. See "Effect of a Nonrenewal of the Leases" in this section.

The State is not permitted to renew any of the Leases with respect to less than all of the Leased Property. Accordingly, a decision not to renew any Lease (including the 2019O Lease) would mean the loss of the use of all of the Leased Property by the State. However, each of the Participating K-12 Institutions which is a Sublessee has the right to exercise a purchase option under its respective Sublease in order to purchase and retain the right to use its portion of the Leased Property in the event that the State chooses not to appropriate and thereby terminate the Leases (including the 2019O Lease). See "SECURITY AND SOURCES OF PAYMENT – The Leased Property."

The Trustee, as Lessor or Trustee, has no obligation to, nor will it make any payment on the Certificates or otherwise pursuant to the Leases except to the extent of amounts in the Trust Estate under the Indenture.

Effect of a Nonrenewal of a Lease

General. In the event of nonrenewal of the State's obligations under any of the Leases upon the occurrence of an Event of Nonappropriation or an Event of Default, the State is required to vacate the Leased Property under the Leases and the Sublessees are required to vacate the respective Leased Property being used under the Subleases (unless the purchase option under any Sublease has been exercised by any Participating K-12 Institution) within 90 days. The Subleases will automatically terminate upon any nonrenewal of any Lease by the State. Subject to the right of the respective Sublessees to purchase the Leased Property under the Subleases, the Trustee may proceed to lease the Leased Property or any portion thereof, including the sale of an assignment of the Trustee's interest under the Site Leases, or exercise any other remedies available to the Trustee for the benefit of the Owners and may exercise one or any combination of the remedies available upon default as provided in the Indenture and the Leases. The Leases place certain limitations on the availability of money damages against the State as a remedy. For example, the Leases provide that a judgment requiring a payment of money may be entered against the State by reason of an Event of Nonappropriation only to the extent the State fails to vacate the Leased Property as required by the related Lease and only as to certain liabilities as described in such Lease. All property, funds and rights acquired by the Trustee upon the nonrenewal of any Lease, along with other moneys then held by the Trustee under the Indenture (with certain exceptions as provided in the Leases and the Indenture), are required to be used to redeem the Certificates, if and to the extent any such moneys are realized. See the sections captioned "Events of Default" and "Remedies on Default" in the form of the 2019O Lease in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS," as well as "THE SERIES 2019O CERTIFICATES – Redemption Prior to Maturity – *Extraordinary Redemption Upon Occurrence of Event of Nonappropriation or an Event of Default.*"

The moneys derived by the Trustee from the exercise of the remedies described above may be less than the aggregate principal amount of the Outstanding Certificates and accrued interest thereon. If any Certificates are redeemed subsequent to a termination of any Lease for an amount less than the aggregate principal amount thereof and accrued interest thereon, such partial payment will be deemed to constitute a redemption in full of such Certificates pursuant to the Master Indenture and applicable series indenture; and upon such a partial payment, no owner of any Certificate (including any Series 2019O Certificate) will have any further claims for payment upon the State, the Trustee, or the Participating K-12 Institutions.

Factors Affecting the Value of the Leased Property. A potential purchaser of the Series 2019O Certificates should not assume that it will be possible to sell, lease or sublease the Leased Property or any portion thereof after a termination of the Lease Term for an amount equal to the aggregate principal amount of the Certificates then Outstanding plus accrued interest thereon. This may be due to the inability to recover certain of the costs incurred in connection with the execution and delivery of the Certificates, the construction of the Projects or the acquisition of the Leased Property. The valuation of the Leased Property has not been based on any independent third party appraisal or evaluation. See "SECURITY AND SOURCES OF PAYMENT – The Leased Property." To the extent Leased Property constitutes Projects financed by Outstanding Certificates and such Projects are partially constructed, the Trustee's ability to liquidate such Leased Property may be hindered. The value of the Leased Property could also be adversely affected by the presence, or even by the alleged presence of, hazardous substances. Present or future zoning requirements, restrictive covenants or other land use regulations may also restrict use of the Leased Property. Further, a considerable amount of Leased Property is located in areas of the State with lower population and commercial densities, which could have a detrimental effect on the Trustee's efforts to liquidate such properties. The Sublessees and the State may also substitute other property for certain Leased Property as described in "SECURITY AND SOURCES OF PAYMENT – The Leased Property – *Substitution of Leased Property*."

As described under "SECURITY AND SOURCES OF PAYMENT – The Leased Property," the Trustee may only be able to lease certain Leased Property to a lessee that will continue to use it for educational purposes. Such restriction may limit the Trustee's ability to obtain lease revenues for Owners in the event of nonrenewal of the State's obligations under the related Lease.

Upon termination of any Lease, there is no assurance of any payment of the principal of the Series 2019O Certificates by the State or the Trustee.

Payment of the principal of and interest on the Series 2019O Certificates and the Prior Certificates is paid from the State's payment of the Base Rent and other sources identified in "SECURITY AND SOURCES OF PAYMENT," which sources do not include any payments generated from the Leased Property, other than the Base Rent. The State is not permitted to renew the Leases or any of them (including the 2019O Lease) with respect to less than all of the Leased Property. Accordingly, a decision not to renew any Lease would mean the loss of the use by the State of all of the Leased Property. An Event of Default or Event of Nonappropriation by a Participating K-12 Institution under its Sublease does not constitute an Event of Default or an Event of Nonappropriation under the related Lease and does not affect the State's obligation to pay Base Rent. Prospective investors should be aware that value of the Leased Property could be affected if there are design or construction defects in any of the buildings subject to a Lease.

Federal Direct Payments

Federal Direct Payments, to the extent received by the State from the United States Treasury and held by the Trustee on behalf of the State, are required under the Indenture to be deposited in the Interest Account of the Certificate Fund to net against and reduce the gross Base Rent payable by the State each Fiscal Year under the related Lease. Federal Direct Payments currently are being received in connection with the Series 2010D Certificates.

No assurances are provided that the State or the Trustee will continue to receive any Federal Direct Payments. The amount of any Federal Direct Payment is subject to legislative changes by Congress. See "SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments" for a discussion of the actual and potential impact of sequestration under the 2011 Federal Budget Act on the receipt of Federal Direct Payments. Further, Federal Direct Payments will only be paid if the Series 2010D Certificates qualify as "Specified Tax Credit Bonds" within the meaning of the Recovery Act. To satisfy such qualifications, the State and the relevant Participating K-12 Institutions must comply with certain covenants and the State and the relevant Participating K-12 Institutions must establish certain facts and expectations with respect to the Series 2010D Certificates, the use and investment of proceeds thereof and the use of property financed thereby.

There are currently no procedures for requesting a Federal Direct Payment after the 45th day prior to an interest payment date. Therefore, if the request for a Federal Direct Payment is not filed in a timely fashion, it is possible that the State will never receive such Federal Direct Payment. In addition, Federal Direct Payments are subject to offset against certain amounts that may, for unrelated reasons, be owed by the State to an agency of the United States of America. The amount expected to be appropriated each year by the State for payment of Base Rent is the gross Base Rent not reduced by the Federal Direct Payments under the related Lease. See "SECURITY AND SOURCES OF PAYMENT – Federal Direct Payments."

If the Trustee leases the Leased Property to a non-governmental entity as a result of an Event of Nonappropriation or an Event of Default and the Series 2010D Certificates remain outstanding, the Federal Direct Payments will no longer be paid by the United States Treasury because the requisite qualifications will no longer be satisfied.

The IRS has implemented an examination program for obligations such as the Series 2010D Certificates that qualify for direct federal subsidies, and no assurance can be given that such Certificates will not be selected by the IRS for examination. In the event the IRS files a proposed adverse determination letter as a result of such an examination, announced IRS policy is to suspend payment of the Federal Direct Payments pending a final determination of the qualification of the Series 2010D Certificates for eligibility to receive Federal Direct Payments. Furthermore, in certain circumstances, the Federal Direct Payments may be reduced (offset) by amounts determined to be applicable under the Tax Code and regulations promulgated thereunder. For example, offsets may occur by reason of any past-due legally enforceable debt of the State to any federal agency. The amount of any such offsets is not predictable by the State.

Enforceability of Remedies

Under the Leases, the Trustee has the right to take possession of and dispose of the Leased Property upon an Event of Nonappropriation or an Event of Default. However, the enforceability of the Leases is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, and the police powers of the State. Because of the inherent police power of the State, a court in any action brought to enforce the remedy of the Trustee to take possession of the Leased Property may delay repossession for an indefinite period, even though the Lessee may be in default under a Lease. The right of the Trustee to obtain possession of the Leased Property and to sell, lease or sublease portions of the Leased Property could be delayed until appropriate alternative space is obtained by the relevant Participating K-12 Institutions. As long as the Trustee is unable to take possession of the Leased Property, it will be unable to sell or re-lease the Leased Property as permitted under the Leases and the Indenture or to redeem or pay the Series 2019O Certificates except from funds otherwise available to the Trustee under the Indenture. See also "SECURITY AND SOURCES OF PAYMENT."

Effects on the Series 2019O Certificates of a Nonrenewal Event

Bond Counsel has expressed no opinion as to the effect of any termination of the State's obligations under any of the 2019O Lease under certain circumstances as provided in such Leases, respectively, upon the treatment for federal or State income tax purposes of any moneys received by the Owners of the related Series 2019O Certificates subsequent to such termination. See "TAX MATTERS." If the 2019O Lease is terminated and the subject property is re-let to a lessee that is not a governmental entity, there is no assurance that the related Series 2019O Certificates will be transferable without registration or a transactional exemption from registration under the federal securities laws following the termination of the 2019O Lease.

Insurance of the Leased Property

The Subleases require the Participating K-12 Institutions to pay, as Additional Rent, all of the expenses with respect to casualty and property damage insurance with respect to the Leased Property subject to their respective Subleases in an amount equal to the current replacement value of the Leased Property. The Subleases also require the Participating K-12 Institutions to pay, as Additional Rent, all of the expenses with respect to public liability insurance with respect to the activities to be undertaken by the Participating K-12 Institutions in connection with the Leased Property subject to their respective Subleases and the Leases: (1) to the extent such activities result in injuries for which immunity is available under the Colorado Governmental Immunity Act, Section 24-10-101, *et seq*., C.R.S., or any successor statute, in an amount not less than the amounts for which the State and the Participating K-12 Institutions may be liable to third parties thereunder and (2) for all other activities, in an amount not less than $1,000,000 per occurrence. The Leases require the State to make the same Additional Rent payments with respect to insurance but permits the State, in its discretion, to have the required insurance coverage provided by the State or the Participating K-12 Institutions and to have such required insurance provided under blanket insurance policies or through the Colorado School District's Self Insurance Program, in the case of the Colorado School for the Deaf and Blind by the State's risk management program or, with the State's consent, the Participating K-12 Institution's risk management program. See "LITIGATION, GOVERNMENTAL IMMUNITY AND SELF INSURANCE – Self Insurance." There is no assurance that in the event the Lease is terminated as a result of damage to or destruction or condemnation of the related Leased Property, moneys made available by reason of any such occurrence will be sufficient to redeem the Series 2019O Certificates at a price equal to the principal amount thereof outstanding. See "THE SERIES 2019O CERTIFICATES – Redemption Prior to Maturity."

Actions Under the Subleases

Although the State's payment of Rent under the Leases will not depend or be conditioned upon payment of Rent, if any, under the Subleases, certain actions by the Participating K-12 Institutions in respect of the related Leased Property or Project could have an adverse effect on the interests of the owners of the Series 2019O Certificates. For example, failure to operate or maintain the Leased Property under a related Sublease in accordance with the terms thereof could diminish the value of that Leased Property. If, for whatever reason, such Lease terminates or the Trustee exercises re-letting or sale remedies thereunder, that diminished value could adversely affect the Trustee's ability to recoup rentals or obtain a sale price sufficient to pay Certificate principal or to redeem the full Certificate principal, as the case may be. Violations of environmental laws similarly could diminish the re-letting or sale value of the subject Leased Property, and could lead to statutory remedies under applicable federal and state laws. Failure by a Participating K-12 Institution to obtain the casualty and property insurance policies required by the applicable Sublease could limit the principal amount of Series 2019O Certificates redeemed upon the damage or destruction of the subject Leased Property under certain circumstances. In addition, while the State expects that Certificate principal and interest will be paid from funds other than moneys derived from payments in respect of property used in a private trade or business, and also expects that the Leased Property will be used by Participating K-12 Institutions, which are governmental units, use of the Projects financed with Series 2019O Certificate proceeds by private persons or businesses, within the meaning of applicable tax law, could adversely affect the federal tax treatment of Series 2019O Certificates.

State Budgets and Revenue Forecasts

The State Constitution requires that expenditure for any such Fiscal Year not exceed revenues for such Fiscal Year. In addition, Section 24-75-201.1(1)(d), C.R.S., provides that for each Fiscal Year, a portion of the unrestricted General Fund year-end balance is to be retained as a reserve (hereinafter defined as the "Unappropriated Reserve"), and Section 24-75-201.1, C.R.S., provides that General Fund appropriations for each Fiscal Year, with certain exceptions, may not exceed specified amounts, as discussed in "STATE FINANCIAL INFORMATION – Budget Process and other Considerations – *Revenues and Unappropriated Amounts – Expenditures; The Balances Budget and Statutory Spending Limitation*."

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure for its appropriation process. By statute, the Governor's Office of State Planning and Budgeting ("OSPB") is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast was issued on September 20, 2019 (the "OSPB September 2019 Revenue Forecast") and is included in this Official Statement as "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST." The next OSPB revenue forecast will be released on December 20, 2019. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2019 Revenue Forecast. A revenue shortfall could adversely affect the State's ability to appropriate sufficient amounts to pay Base Rent in subsequent years. If a revenue shortfall is projected for any forecasted years which would result in a budgetary shortfall, budget cuts will be necessary to ensure the balanced budget. See also "STATE FINANCIAL INFORMATION" and "APPENDIX E – THE STATE GENERAL FUND."

Prospective investors are cautioned that any forecast is subject to uncertainties, and inevitably some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guaranty is made herein as to the accuracy of the forecasts. See also "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward-Looking Statements" at the beginning of this Official Statement.

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the modified accrual basis of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("GASB"), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of revenues and payment of expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on the modified accrual basis, which does not take into account the timing of when such amounts are received or paid. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations."

Control of Remedies

Under the Indenture, the Owners of a majority in principal amount of all the Certificates then Outstanding have the right, at any time, to the extent permitted by law, to direct the Trustee to act or refrain from acting or to direct the manner or timing of any action by the Trustee under the Indenture or any Lease or Site Lease or to control any proceedings relating to the Indenture or any Lease or Site Lease; provided that such direction is not otherwise than in accordance with the provisions of the Indenture. See Section 7.06 of the form of the Master Indenture in "APPENDIX B – FORMS OF THE FINANCING DOCUMENTS." The interests of Owners of the Series 2019O Certificates may vary from the interests of the Owners of other Series of Certificates for a variety of reasons.

Future Changes in Laws and Future Initiatives

Various Colorado laws, including the Act, apply to the priority and allocation of rental income and royalties derived from State school lands, allocation of State lottery proceeds, availability of funds for appropriation by the State and other operations of the State. In addition, State law allows voter initiatives meeting certain conditions to be placed on the ballot, which initiatives may involve statutory or constitutional amendments. There is no assurance that there will not be future voter initiatives or changes in, interpretation of or additions to the applicable laws, provisions and regulations which would have a material effect, directly or indirectly, on the affairs of the State and its funds.

Cyber Security Risks

The State, like other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private or sensitive information, the State is a potential target for a variety of cyber threats, including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. Recognizing the potential damage that could be caused by any such attacks, the State has established the Governor's Office of Information Security ("OIT") as the single source for the State's cybersecurity readiness and awareness. The OIT has promulgated a series of policies and standards for State agencies and information security and provides mandatory training for State employees except those in the Department of Law, who receive training from the Department's own cybersecurity specialist due to the nature of the work performed by that Department. In addition, the State has procured insurance coverage for data breaches and other security and privacy incidents. The State does not believe that any material security breaches to its digital systems have occurred over the past 12-18 months, although employee computers at the Colorado Department of Transportation were the subject of a ransomware attack in February 2018. Nevertheless, no assurance can be given that the State's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the State.

THE STATE

General Profile

Colorado became the 38th state of the United States of America when it was admitted to the union in 1876. Its borders encompass 103,718 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,315 to 14,433 feet above sea level. The current population of the State is approximately 5.5 million. The State's major economic sectors include agriculture, professional and business services, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX A – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018, AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019" and "APPENDIX I – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

The State maintains a separation of powers utilizing three branches of government: executive, legislative and judicial. The executive branch comprises four major elected officials: the Governor, State Treasurer, Attorney General and Secretary of State. The chief executive power is allocated to the Governor, who has responsibility for administering the budget and managing the executive branch. The State Constitution empowers the General Assembly to establish up to 20 principal departments in the executive branch. Most departments of the State report directly to the Governor; however, the Departments of Treasury, Law and State report to their respective elected officials, and the Department of Education reports to the elected State Board of Education. The elected officials serve four year terms. The current term of such officials commenced in January of 2019 (following the general election held in November of 2018) and will expire on the second Tuesday in January of 2023. No elected executive official may serve more than two consecutive terms in the same office.

The General Assembly is bicameral, consisting of the 35-member Senate and 65-member House of Representatives. Senators serve a term of four years and representatives serve a term of two years. No senator may serve more than two consecutive terms, and no representative may serve more than four consecutive terms. The State Constitution allocates to the General Assembly legislative responsibility for, among other things, appropriating State moneys to pay the expenses of State government. The General Assembly meets annually in regular session beginning no later than the second Wednesday of January of each year. Regular sessions may not exceed 120 calendar days. Special sessions may be convened by proclamation of the Governor or by written request of two-thirds of the members of each house to consider only those subjects for which the special session is requested.

STATE FINANCIAL INFORMATION

It is important for prospective investors to analyze the financial and overall status of the State, including the Assistance Fund and the State General Fund, in order to evaluate the likelihood of an Event of Default or an Event of Nonappropriation. See "SECURITY AND SOURCES OF PAYMENT" and "CERTAIN RISK FACTORS." This section and the following section captioned "DEBT AND

CERTAIN OTHER FINANCIAL OBLIGATIONS" have been included to provide prospective purchasers with information relating to such matters. See also "APPENDIX A – STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018, AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019," "APPENDIX E – THE STATE GENERAL FUND," "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST," "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND," "APPENDIX I – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" and "APPENDIX J – STATE PENSION SYSTEM." With the exception of the State economic and demographic information, has been provided by Development Research Partners, the information in these sections and appendices has been provided by the State.

The State Treasurer

The State Constitution provides that the State Treasurer is to be the custodian of public funds in the State Treasurer's care, subject to legislative direction concerning safekeeping and management of such funds. The State Treasurer is the head of the statutorily created Department of the Treasury (the "State Treasury"), which receives all State moneys collected by or otherwise coming into the hands of any officer, department, institution or agency of the State (except certain institutions of higher education). The State Treasurer deposits and disburses those moneys in the manner prescribed by law. Every officer, department, institution and agency of the State (except for certain institutions of higher education) charged with the responsibility of collecting taxes, licenses, fees and permits imposed by law and of collecting or accepting tuition, rentals, receipts from the sale of property and other moneys accruing to the State from any source is required to transmit those moneys to the State Treasury under procedures prescribed by law or by fiscal rules promulgated by the Office of the State Controller (the "State Controller"). The State Treasurer and the State Controller may authorize any department, institution or agency collecting or receiving State moneys to deposit such moneys to a depository to the State Treasurer's credit in lieu of transmitting such moneys to the State Treasury.

The State Treasurer has discretion to invest in a broad range of interest bearing securities described by statute. See "Investment and Deposit of State Funds" in this section and "APPENDIX E – THE STATE GENERAL FUND – Investment of the State Pool." All interest derived from the deposit and investment of State moneys must be credited to the General Fund unless otherwise expressly provided by law.

Taxpayer's Bill of Rights

General. Article X, Section 20 of the State Constitution, entitled the Taxpayer's Bill of Rights and commonly known as "TABOR," imposes various fiscal limits and requirements on the State and its local governments, excluding "enterprises," which are defined in TABOR as government-owned businesses authorized to issue their own revenue bonds and receiving less than 10% of their annual revenues in grants from all State and local governments combined. Certain limitations contained in TABOR may be exceeded with prior voter approval.

TABOR provides a limitation on the amount of revenue that may be kept by the State in any particular Fiscal Year, regardless of whether that revenue is actually spent during the Fiscal Year. This revenue limitation is effected through a limitation on "fiscal year spending" as discussed hereafter. Any revenue received during a Fiscal Year in excess of the limitations provided for in TABOR must be refunded to the taxpayers during the next Fiscal Year unless voters approve a revenue change.

TABOR also requires prior voter approval for the following, with certain exceptions: (i) any new State tax, State tax rate increase, extension of an expiring State tax or State tax policy change directly causing a net revenue gain to the State; or (ii) the creation of any State "multiple fiscal year direct or indirect ... debt or other financial obligation."

TABOR further requires the State to maintain an emergency reserve equal to 3% of its fiscal year spending (the "TABOR Reserve"), which may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. The annual Long Appropriation Bill (the "Long Bill") designates the resources that constitute the TABOR Reserve, which historically have consisted of portions of various State funds plus certain State real property. The amounts of the TABOR Reserve for Fiscal Years 2019-20 and 2020-21 have been estimated in the OSPB September 2019 Revenue Forecast to be $430.8 million and $448.5 million, respectively.

Fiscal Year Revenue and Spending Limits; Referendum C. As noted above, unless otherwise approved by the voters, TABOR limits annual increases in State revenues and fiscal year spending, with any excess revenues required to be refunded to taxpayers. Fiscal year spending is defined as all expenditures and reserve increases except those for refunds made in the current or next Fiscal Year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards or property tax sales.

The maximum annual percentage change in State fiscal year spending is limited by TABOR to inflation plus the percentage change in State population in the prior calendar year, adjusted for revenue changes approved by voters after 1991, being the base year for calculating fiscal year spending. The operation of TABOR created State budget challenges in the early years following its passage, and in 2005 several measures were passed by the General Assembly in an effort to address these challenges, including one, designated "Referendum C," that was submitted to and approved by State voters and thereafter codified as Sections 24-77-103.6 and 106.5, C.R.S. Referendum C authorized the State to retain and spend any amount in excess of the TABOR limit in Fiscal Years 2005-06 through 2009-10. In addition, for Fiscal Years 2010-11 and thereafter, Referendum C created an Excess State Revenues Cap, or "ESRC," as a voter-approved revenue change under TABOR that now serves as the limit on the State's fiscal year revenue retention. The base for the ESRC was established as the highest annual State TABOR revenues received in Fiscal Years 2005-06 through 2009-10. This amount, which was determined to be the revenues received in Fiscal Year 2007-08, is then adjusted for each subsequent Fiscal Year for inflation, the percentage change in State population, the qualification or disqualification of enterprises and debt service changes, each having their respective meanings under TABOR and other applicable State law. However, per SB 17-267, the ESRC for Fiscal Year 2017-18 is an amount equal to (i) the ESRC for Fiscal Year 2016-17 calculated as provided above (ii) less $200 million. For subsequent Fiscal Years, the ESRC is to be calculated as provided above utilizing the ESRC for Fiscal Year 2017-18 as the base amount.

SB 17-267, also (i) replaced the Hospital Provider Fee with the Healthcare Affordability and Sustainability Fee, which fee is exempt from TABOR as it is collected by an enterprise created by SB 17-267 within the Department of Health Care Policy and Financing; (ii) exempts retail marijuana from the 2.9% State sales tax, which results in less revenue subject to TABOR in Fiscal Years 2017-18 and thereafter; and (iii) extends and expands the income tax credit for business personal property taxes paid, which is projected to reduce income tax collections in Fiscal Years 2018-19 and thereafter, but will be offset in part by the distribution of a portion of the special sales tax on retail marijuana sales to the General Fund on an ongoing basis.

As a result of Referendum C, the State was able to retain various amounts in excess of the previously applicable TABOR limit in Fiscal Years 2005-06 through 2013-14, and no refunds were required because such revenues were below the ESRC. In Fiscal Year 2014-15, TABOR revenues exceeded the TABOR limit and resulted in the State being $169.7 million above the ESRC, thus triggering a TABOR refund. TABOR revenues again exceeded the TABOR limit in Fiscal Years 2015-16 and 2016-17 but were below the ESRC. In Fiscal Year 2017-18, TABOR revenues exceeded the TABOR limit and resulted in the State being $18.5 million above the ESRC, and in Fiscal Year 2018-19, TABOR revenues exceeded the TABOR limit and resulted in the State being $428.3 million above the ESRC, in each case triggering a TABOR refund. The OSPB September 2019 Revenue Forecast states that TABOR revenues are forecast to exceed the TABOR limit in Fiscal Years 2019-20 and 2020-21, resulting in the State being $348.1 million above the ESRC in Fiscal Year 2019-20 and $551.6 million above the ESRC in Fiscal Year 2020-21, in each case triggering a TABOR refund.

SB 17-267 also changed the TABOR refund mechanisms. Under prior law, the means by which revenues in excess of the ESRC could be refunded to taxpayers included: (i) a sales tax refund to all taxpayers, (ii) the earned income tax credit to qualified taxpayers and (iii) a temporary income tax rate reduction, the particular refund mechanism used to be determined by the amount that needs to be refunded. Per SB 17-267, beginning with Fiscal Year 2017-18, there is added as the first refund mechanism the amount reimbursed by the State Treasurer to county treasurers in the year of the TABOR refund for local property tax revenue losses attributable to the property tax exemptions. See also "APPENDIX E – THE STATE GENERAL FUND – General Fund Overview."

Referendum C also created the "General Fund Exempt Account" within the General Fund, to which there is to be credited moneys equal to the amount of TABOR revenues in excess of the TABOR limit that the State retains for a given Fiscal Year pursuant to Referendum C. Such moneys may be appropriated or transferred by the General Assembly for the purposes of: (i) health care; (ii) public elementary, high school and higher education, including any related capital construction; (iii) retirement plans for firefighters and police officers if the General Assembly determines such funding to be necessary; and (iv) strategic transportation projects in the Colorado Department of Transportation Strategic Transportation Project Investment Program.

Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA. At the general election held on November 3, 2015, the State's voters authorized the State to retain and spend $66.1 million in sales and excise taxes on the sale of marijuana and marijuana products ("Marijuana Taxes") authorized by Proposition AA approved by the State's voters in November of 2013 that otherwise would have been subject to a required refund to taxpayers in Fiscal Year 2015-16 pursuant to TABOR. HB 15-1367, which referred the measure to the State's voters as Proposition BB, also provides for the allocation of the retained amount for public school capital construction, for various purposes such as law enforcement, youth programs and marijuana education and prevention programs and for use by the General Fund for any purpose. For more information on how these amounts are treated in the General Fund, see the discussion in "General Fund and State Education Fund Budget" in the OSPB June 2019 Revenue Forecast. SB 17-267 increased the special sales tax on retail marijuana sales from 10% to 15% effective July 1, 2017.

Effect of TABOR on the Certificates. Voter approval under TABOR is not required for the execution and delivery of the Certificates because the State's obligations under the Leases are payable within any Fiscal Year only if amounts for such payments have been appropriated for such Fiscal Year. Therefore, such obligations are not a "multiple fiscal year direct or indirect ... debt or other financial obligation" within the meaning of TABOR.

State Funds

The principal operating fund of the State is the General Fund. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. The State also maintains several statutorily created special funds for which specific revenues are designated for specific purposes. See “APPENDIX E – THE STATE GENERAL FUND” and “APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST.”

Budget Process and Other Considerations

Phase I (Executive). The budget process begins in June of each year when State departments reporting to the Governor prepare both operating and capital budgets for the Fiscal Year beginning 13 months later. In August, these budgets are submitted to the OSPB, a part of the Governor’s office, for review and analysis. The OSPB advises the Governor on departmental budget requests and overall budgetary status. Budget decisions are made by the Governor following consultation with affected departments and the OSPB. Such decisions are reflected in the first budget submitted in November for each department to the Joint Budget Committee of the General Assembly (the “JBC”), as described below. In January, the Governor makes additional budget recommendations to the JBC for the budget of all branches of the State government, except that the elected executive officials, the judicial branch and the legislative branch may make recommendations to the JBC for their own budgets.

Phase II (Legislative). The JBC, consisting of three members from each house of the General Assembly, develops the legislative budget proposal embodied in the Long Bill, which is introduced in and approved by the General Assembly. Following receipt of testimony by State departments and agencies, the JBC marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes: (i) General Fund appropriations, supported by general purpose revenue such as taxes; (ii) General Fund Exempt appropriations primarily funded by TABOR-exempt or excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants, transfers and departmental charges for services; (iv) reappropriated amounts funded by transfers and earnings appropriated elsewhere in the Long Bill; and (v) estimates of federal funds to be expended that are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the JBC generally is designated as a conference committee to reconcile differences. The Long Bill always has been adopted prior to commencement of the Fiscal Year in July. Specific bills creating new programs or amending tax policy are considered separately from the Long Bill in the legislative process. The General Assembly takes action on these specific bills, some of which include additional appropriations separate from the Long Bill.

Phase III (Executive). The Governor may approve or veto the Long Bill or any specific bills. In addition, the Governor may veto line items in the Long Bill or any other bill that contains an appropriation. The Governor’s vetoes are subject to override by a two-thirds majority of each house of the General Assembly.

Phase IV (Legislative). During the Fiscal Year for which appropriations have been made, the General Assembly may increase or decrease appropriations through supplemental appropriations. Any supplemental appropriations are considered amendments to the Long Bill and are subject to the line item veto of the Governor.

Revenues and Unappropriated Amounts. For each Fiscal Year, a statutorily defined amount of unrestricted General Fund year-end balances is required to be retained as a reserve (as previously defined, the “Unappropriated Reserve”), which may be used for possible deficiencies in General Fund revenues. Unrestricted General Fund revenues that exceed the required Unappropriated Reserve, based upon revenue estimates, are then available for appropriation, unless they are obligated by statute for another purpose. In response to economic conditions and their effect on estimated General Fund revenues, the General Assembly periodically modifies the required amount of the Unappropriated Reserve. Set forth in the following table are the Unappropriated Reserve requirements for Fiscal Years 2011-12 and thereafter. See also “APPENDIX E – THE STATE GENERAL FUND – General Fund Overview.”

State of Colorado
Unappropriated Reserve Requirement

Fiscal Years	Unappropriated Reserve Requirement[1,2,3]
2011-12	4.00%
2012-13 and 2013-14	5.00
2014-15	6.50
2015-16	5.60
2016-17	6.00
2017-18	6.50
2018-19 and thereafter	7.25

[1] The Unappropriated Reserve requirement, which is codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. Per HB 16-1419 and SB 16-218, for Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required by to be diverted to a reserve fund to fund severance tax refunds resulting from the ruling of the Colorado Supreme Court on April 25, 2016, in *BP America Production Company v. Colorado Department of Revenue*. See "General Fund Overview" table in "APPENDIX E – THE STATE GENERAL FUND – General Fund Overview," and the section of the OSPB September 2019 Revenue Forecast captioned "CASH FUND REVENUE FORECAST – Severance Tax Revenue."

[2] Per SB 15-251, in Fiscal Years 2015-16 through 2017-18, General Fund appropriations for lease-purchase agreement payments made in connection with certificates of participation sold to fund certain capital projects were made exempt from the reserve calculation requirement. See "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – The State, State Departments and Agencies."

[3] Per SB 18-276, the Unappropriated Reserve requirement was increased to 7.25% starting with Fiscal Year 2018-19. The legislation also removed the exemption of General Fund appropriations for lease purchase agreement payments made in connection with certificates of participation from the reserve calculation requirements.

Source: State Treasurer's Office

The OSPB September 2019 Revenue Forecast states that the State ended Fiscal Year 2018-19 with reserves of $325.5 million above the Unappropriated Reserve requirement (preliminary) and forecasts that the State will end Fiscal Year 2019-20 with reserves of $175.1 million above the Unappropriated Reserve requirement. These figures are based on revenue and budget information available when the OSPB September 2019 Revenue Forecast was completed and are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures.

See also generally "APPENDIX E – THE STATE GENERAL FUND – General Fund Overview – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST."

Expenditures; The Balanced Budget and Statutory Spending Limitation. The State Constitution mandates that expenditures for any Fiscal Year may not exceed available resources for such Fiscal Year. Total unrestricted General Fund appropriations for each Fiscal Year are limited as provided in Section 24-75-201.1, C.R.S. For the Fiscal Years 2009-10 and thereafter, total General Fund appropriations are limited to: (i) such moneys as are necessary for reappraisals of any class or classes of taxable property for property tax purposes as required by Section 39-1-105.5, C.R.S., plus (ii) an amount equal to 5% of Colorado personal income (as reported by the U.S. Bureau of Economic Analysis for the calendar year preceding the calendar year immediately preceding a given Fiscal Year).

Excluded from this appropriations limit are: (i) any General Fund appropriation that, as a result of any requirement of federal law, is made for any new program or service or for any increase in the level of service for any existing program beyond the existing level of service; (ii) any General Fund appropriation that, as a result of any requirement of a final State or federal court order, is made for any new program or service or for any increase in the level of service for an existing program beyond the existing level of service; or (iii) any General Fund appropriation of any moneys that are derived from any increase in the rate or amount of any tax or fee that is approved by a majority of the registered electors of the State voting at any general election.

The limitation on the level of General Fund appropriations may also be exceeded for a given Fiscal Year upon the declaration of a State fiscal emergency by the General Assembly, which may be declared by the passage of a joint resolution approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor.

See "Taxpayer's Bill of Rights" above for a discussion of spending limits imposed on the State by TABOR and changes to these limits as the result of the approval of Referendum C.

Fiscal Year Spending and Emergency Reserves. Through TABOR, the State Constitution imposes restrictions on increases in fiscal year spending without voter approval and requires the State to maintain a TABOR Reserve. See "Taxpayer's Bill of Rights" above for a discussion of the effects of the State Constitution on the State's financial operations.

Fiscal Controls and Financial Reporting

No moneys may be disbursed to pay any appropriations unless a commitment voucher has been prepared by the agency seeking payment and submitted to the central accounting system, which is managed by the Office of the State Controller, a division of the Department of Personnel & Administration. The State Controller is the head of the Office of the State Controller. The State Controller or his delegate has statutory responsibility for reviewing each commitment voucher submitted to determine whether the proposed expenditure is authorized by appropriation and whether the appropriation contains sufficient funds to pay the expenditure. All payments from the State Treasury are made by warrants or checks signed by the State Controller and countersigned by the State Treasurer, or by electronic funds transfer. The signature of the State Controller on a warrant or check is full authority for the State Treasurer to pay the warrant or check upon presentation.

The State Controller is appointed by the Executive Director of the Department of Personnel & Administration. Except for certain institutions of higher education which have elected to establish their own fiscal rules, the State Controller has statutory responsibility for coordinating all procedures for financial administration and financial control in order to integrate them into an adequate and unified system, conducting all central accounting and issuing warrants or checks for payment of claims against the State. The State Controller prepares a Comprehensive Annual Financial Report, or "CAFR," in accordance with generally accepted accounting principles ("GAAP") applicable to governmental entities, with certain statutory exceptions for budget compliance and reporting. The State's CAFR for Fiscal Year 2017-18 CAFR (the "Fiscal Year 2017-18 CAFR") is appended to this Official Statement and includes the most current audited annual financial statements for the State. Unaudited basic financial statements for the State, as required by Section 24-30-204, C.R.S., for Fiscal Year 2018-19 (the "Fiscal Year 2018-19 Unaudited BFS") are also appended to this Official Statement.

The State implemented a new integrated financial system in July 2014 and has been experiencing various issues, including the labor allocation process which continues to utilize the State's legacy payroll system. The longer time period to complete labor allocation, the first time closing in the new system and developing financial statement reports caused delays in closing the books and producing the State's financial statements. This resulted in delays in the release of the State's CAFRs for Fiscal Years 2014-15 and 2015-16 and the inability of the State to timely submit its audited financial statements for posting on EMMA as required by various continuing disclosure undertakings entered into by the State, the State Treasurer and certain State departments and agencies that utilize the State's credit. See "CONTINUING DISCLOSURE – Compliance With Other Continuing Disclosure Undertakings."

Basis of Accounting

For a detailed description of the State's basis of accounting, see Note 1 to the financial statements in the State's Fiscal Year 2017-18 CAFR and Fiscal Year 2018-19 BFS appended to this Official Statement.

Basis of Presentation of Financial Results and Estimates

The financial reports and financial schedules contained in this Official Statement are based on principles that may vary based on the requirements of the report or schedule. The fund level financial statements and revenue estimates are primarily prepared on the modified accrual basis of accounting. Revenue estimates are prepared for those revenues that are related primarily to the general taxing powers of the State, and to a lesser degree include intergovernmental transactions, charges for services and receipts from the federal government. The General Fund as defined in the financial statements includes revenues and expenditures for certain special cash receipts that are related to fees, permits and other charges rather than to the general taxing power of the State.

Financial Audits

Financial and post-performance audits of all State agencies are performed by the State Auditor (the "Auditor") through the Auditor's staff as assisted by independent accounting firms selected solely by the Auditor. The Auditor is an employee of the legislative branch and is appointed for a term of five years by the General Assembly based on the recommendations of the Legislative Audit Committee of the General Assembly. The present Auditor has been appointed to a term expiring on June 30, 2021. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State's Fiscal Year 2017-18 CAFR, including the State Auditor's Opinion thereon, and the State's Fiscal Year 2018-19 Unaudited BFS are both appended to this Official Statement. The Office of the State Auditor, being the State's independent auditor, has not been engaged to perform and has not performed since the date of the State Auditor's report included herein, any procedures on the financial statements presented in the State's Fiscal Year 2017-18 CAFR and the Fiscal Year 2018-19 Unaudited BFS, nor has the State Auditor performed any procedures relating to this Official Statement.

Investment and Deposit of State Funds

The State Treasurer is empowered by Articles 36 and 75 of Title 24, C.R.S., as well as other State statutes, to invest State funds in certain public and non-public fixed income securities. In making such investments, the State Treasurer is to use prudence and care to preserve the principal and to secure the maximum rate of interest consistent with safety and liquidity. The State Treasurer is also required to formulate investment policies regarding the liquidity, maturity and diversification appropriate to each State fund or pool of funds in the State Treasurer's custody available for investment. In accordance with this directive, the State Treasurer has developed standards for each portfolio to establish the asset allocation, the level of liquidity, the credit risk profile, the average maturity/duration and performance monitoring measures appropriate to the public purpose and goals of each State fund.

The State Treasurer is also authorized to deposit State funds in national or state chartered banks and savings and loan associations having a principal office in the State and designated as an eligible public depository by the State Banking Board or the State Commissioner of Financial Services, respectively. To the extent that the deposits exceed applicable federal insurance limits, they are required to be collateralized with eligible collateral (as defined by statute) having a market value at all times equal to at least 100% of the amount of the deposit that exceeds federal insurance (102% for banks).

See also Notes 3 and 4 to the State's Fiscal Year 2017-18 CAFR and Fiscal Year 2018-19 Unaudited BFS appended to this Official Statement and "APPENDIX E – THE STATE GENERAL FUND – Investment of the State Pool."

The State General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. As requested by recent changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs include a large number of statutorily created special State funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. See "APPENDIX E – THE STATE GENERAL FUND" for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

Generally. The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. Accordingly, the State currently has, and upon execution and delivery of the Series 2019O Certificates will have, no outstanding general obligation debt.

The State is authorized to and has entered into lease-purchase agreements in connection with various public projects, some of which have been financed by the sale of certificates of participation in the revenues of the related lease-purchase agreements. The obligations of the State to make lease payments under such agreements each Fiscal Year are contingent upon annual appropriations by the General Assembly. See Notes 11 and 12 to the State's Fiscal Year 2018-19 Unaudited BFS appended to this Official Statement for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2019, as well as the aggregate minimum lease payments due under such lease-purchase agreements entered into by the State for Fiscal Years 2018-19 and thereafter. See also Note 21 and the State's Fiscal Year 2018-19 Unaudited BFS for a discussion of lease-purchase agreements entered into by the State after June 30, 2019, but before publication of the Fiscal Year 2018-19 Unaudited BFS.

In addition to lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment, all of which contain a stipulation that continuation of the lease is subject to funding by the General Assembly. Historically, these agreements have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. In addition, these agreements generally are entered into through private negotiation with lessors, banks or other financial institutions rather than being publicly offered. See Notes 10 and 12 and the State's Fiscal Year 2018-19 Unaudited BFS appended to this Official Statement for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2019, as well as the aggregate minimum payment obligations under such agreements in Fiscal Years 2018-19 and thereafter.

State departments and agencies, including State institutions of higher education, also issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. With the exception of the University of Colorado, which is governed by an elected Board of Regents, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. See Notes 11, 12 and 21 and the State's Fiscal Year 2018-19 Unaudited BFS appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2019, and of those issued after June 30, 2019, but before publication of the Fiscal Year 2018-19 Unaudited BFS. The revenue bonds and certificates of participation listed in such Notes have in most cases been publicly offered, while the notes payable listed in such Notes have generally been private financings directly with banks or other financial institutions. The State has contingent moral obligations to intercept revenue and make certain debt payments on notes and bonds issued by State school districts in the event they fail to make a required payment to the holders of such notes and bonds. See Notes 19 and 21 and the State's Fiscal Year 2018-19 Unaudited BFS appended to this Official Statement.

See also the Statistical Section of the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State Tax and Revenue Anticipation Notes

Under State law, the State Treasurer is authorized to issue and sell notes payable from the anticipated revenues of any one or more State funds or groups of accounts to meet temporary cash flow shortfalls. Since Fiscal Year 1984-85, the State has issued tax and revenue anticipation notes in order to fund cash flow shortfalls in the General Fund. For certain Fiscal Years, the State has also funded cash flow shortfalls by use of the proceeds of internal borrowing from State funds other than the General Fund. Since Fiscal Year 2003-04, the State has also issued education loan tax and revenue anticipation notes for local school districts in anticipation of local school district revenues to be collected at a later date. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time.

See Notes 10 and 21 to the State's Fiscal Year 2018-19 Unaudited BFS appended to this Official Statement for a discussion of State tax and revenue anticipation notes outstanding as of June 30, 2019, and of such notes issued after June 30, 2019, but before publication of the Fiscal Year 2018-19 Unaudited BFS.

See also the Statistical Section of the State's Fiscal Year 2017-18 CAFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State Authorities

A number of State authorities have issued financial obligations to support activities related to the special purposes of such entities. Such obligations do not constitute a debt or liability of the State and the State Treasurer has no responsibility for such issuances, although pursuant to Section 22-30.5-408, C.R.S., the State may, but is not obligated to, appropriate moneys to cure unreplenished draws on debt service reserve funds for certain bonds issued by the Colorado Educational and Cultural Facilities Authority to fund facilities for charter schools. Generally, State authorities are legally separate, independent bodies governed by their own boards, some including ex-officio State officials and/or members appointed by the Governor or ranking members of the General Assembly (in most cases with the consent of the State Senate).

Pension and Other Post-Employment Benefits

General. The State provides post-employment benefits to its employees based on their work tenure and earnings history through a defined benefit pension plan (as more particularly defined in "APPENDIX J – STATE PENSION SYSTEM," the "State Division Plan"). State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "State Division DC Plan"), although the majority of State employees participate in the State Division Plan. Each plan is administered by the Public Employees' Retirement Association ("PERA"), which is a statutorily created legal entity that is separate from the State. PERA also administers plans for school districts, local governments and other entities, each of which is considered a separate division of PERA and for which the State has no obligation to make contributions or fund benefits. The State does not participate in the federal Old-Age, Survivors and Disability Insurance (Social Security) program.

For a general description of the State Division Plan and PERA, see "APPENDIX J – STATE PENSION SYSTEM." For a detailed discussion of the State Division Plan, the State Division DC Plan and PERA, see Notes 6-8 to the State's Fiscal Year 2017-18 CAFR and Fiscal Year 2018-19 Unaudited BFS appended to this Official Statement, as well as PERA's Comprehensive Annual Financial Report for calendar year 2018 (the "PERA 2018 CAFR"). The information regarding PERA presented in the State's Fiscal Year 2017-18 CAFR is derived from PERA's Comprehensive Annual Financial Report for calendar year 2017, while the information regarding PERA presented in the State's Fiscal Year 2018-19 Unaudited BFS and in this Official Statement is derived from the PERA 2018 CAFR.

The State Division Plan. The State Division Plan is funded with contributions made by the State and by each participating State employee at rates that are established by statute. The State has consistently made all statutorily required contributions to the State Division Plan. However, the State Division Plan remains significantly underfunded. In order to address the funding status of PERA's defined benefit plans, including the State Division Plan, the General Assembly enacted SB 18-200, which made changes to the defined benefit plans administered by PERA with the goal of eliminating the UAAL of such plans and thereby reach a 100% funded ratio for each of such plans within a 30-year period. SB 18-200 made changes to certain benefit and contribution provisions of the defined benefit plans administered by PERA, including implementing a provision that automatically adjusts employee and employer contribution rates, annual cost of living increases and the State's annual direct contribution to PERA within certain statutory parameters so as to stay within the 30-year funding goal. Previously, such adjustments required action by the General Assembly.

The PERA 2018 CAFR reports that at December 31, 2018, the actuarial value of assets of the State Division Plan was approximately $14.304 billion and the actuarial accrued liability, or "AAL," of the Plan was approximately $25.509 billion, resulting in an unfunded actuarial accrued liability, or "UAAL," approximately $11.206 billion, a funded ratio of 56.1% and an amortization period of 35 years, all as further described in "APPENDIX J – STATE PENSION SYSTEM." The actuarial value of assets for the State Division Plan uses an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Based on the market value of assets of the State Division Plan, at December 31, 2018, the Plan had an unfunded accrued liability of approximately $11.672 billion and a funded ratio of 54.2%.

The funding status of the State Division Plan summarized above reflects the implementation by PERA in 2014 of GASB Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which established new standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, such as the State

Division Plan, and note disclosure requirements for defined contribution pension plans administered through qualified trusts, such as the State Division DC Plan.

Because the State's annual contributions with respect to the State Division Plan are set by statute and funded in the State's annual budget, such contributions are not affected in the short term by changes in the actuarial valuation of the Plan assets or the funding ratio of the Plan.

See generally "APPENDIX J – STATE PENSION SYSTEM" for further information regarding the State Division Plan.

The Health Care Trust Fund. The State also currently offers other post-employment health and life insurance benefits to its employees. The post-employment health insurance to State employees is provided through PERA's Health Care Trust Fund, in which members from all divisions of PERA are eligible to participate. The Health Care Trust Fund is a cost-sharing, multiple employer plan under which PERA subsidizes a portion of the monthly premium for health insurance coverage for certain State retirees and the remaining amount of the premium is funded by the benefit recipient through an automatic deduction from the monthly retirement benefit. The Health Care Trust Fund is funded by a statutory allocation of moneys consisting of portions of, among other things, the employer statutorily required contributions, the amount paid by members and the amount of any reduction in the employer contribution rates to amortize any overfunding in each Division's trust fund. At December 31, 2018, the Health Care Trust Fund had a UAAL of approximately $1.190 billion, a funded ratio of 19.5% and a 25-year amortization period. Because the Health Care Trust Fund is a cost-sharing, multiple employer plan, PERA's actuary has not determined the portion of the unfunded actuarial accrued liability that applies to each Division participant. The benefit provided by the Health Care Trust Fund is a fixed limited subsidy of the retiree's health care insurance premium payment, and the retiree bears all risk of medical cost inflation. See Notes 9 and 11 to the PERA 2018 CAFR for additional information regarding the Health Care Trust Fund.

Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68"), which is related to GASB 67 but is applicable to the State, is effective for fiscal years beginning after June 15, 2014, and accordingly was first implemented in the State's Comprehensive Annual Financial Report for Fiscal Year 2014-15 (the "Fiscal Year 2014-15 CAFR"). GASB 68 revised and established new financial reporting requirements for most governments, such as the State, that provide their employees with pension benefits. GASB 68 requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. The State reported a net pension liability in the State's Unaudited Fiscal Year 2018-19 BFS of approximately $13.531 billion at June 30, 2019, compared to a reported net pension liability in the State's Fiscal Year 2017-18 CAFR of approximately $19.382 billion at June 30, 2018, and a reported net pension liability in the State's Fiscal Year 2016-17 CAFR of approximately $17.854 billion at June 30, 2017. These amounts were determined as of the calendar year-end that occurred within the Fiscal Year. Schedules presenting the State's proportionate share of the net pension liability for its retirement plan as of December 31, 2013-2018, and a ten year history of the State's contribution to PERA for the State and Judicial Divisions, are set forth in Note RSI-2 to the Required Supplementary Information in the State's Unaudited Fiscal Year 2018-19 BFS. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis in the State's Fiscal Year 2017-18 CAFR and Notes 1, 6, 7 and to the Financial Statements in the State's Fiscal Year 2017-18 CAFR and Unaudited Fiscal Year 2018-19 BFS, as well as "APPENDIX J – STATE PENSION SYSTEM" and particularly the section thereof entitled "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68."

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"), is effective for fiscal years beginning after June 15, 2017, and accordingly was first implemented in the State's Fiscal Year 2017-18 CAFR. GASB 75 requires, for purposes of governmental financial reporting, that the State recognize a liability for its proportionate share of the net Other Post-Employment Benefits ("OPEB") liability (of all employers for benefits provided through the OPEB plan), *i.e.*, the collective net OPEB liability. The State is also required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. GASB 75 also requires additional footnote disclosures about the pension trust fund in the financial statements.

Effect of Pension Liability on the Certificates. For a discussion of the State's current pension liability, see the Management's Discussion and Analysis in the Financial Section of the State's Fiscal Year 2017-18 CAFR appended to this Official Statement under the caption "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions." No assurances can be given that the assumptions underlying the State's current or future plans to address its pension liabilities will be realized or that actual events will not cause material changes to the pension data presented in this Official Statement, the State's Fiscal Year 2017-18 CAFR and Fiscal Year 2018-19 Unaudited BFS or the State's ability to fully pay its obligations, including the Certificates.

LITIGATION, GOVERNMENTAL IMMUNITY AND SELF INSURANCE

No Litigation Affecting the Series 2019O Certificates

There is no litigation pending, or to the knowledge of the State threatened, either seeking to restrain or enjoin the execution or delivery of the Series 2019O Certificates or questioning or affecting the validity of the Series 2019O Certificates or the proceedings or authority under which they are to be executed and delivered. There is also no litigation pending, or to the State's knowledge threatened, that in any manner questions the right of the State Treasurer to enter into the related Leases or the Subleases in the manner provided in the Act.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, C.R.S. (the "Immunity Act"), provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity, except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered. For incidents occurring prior to July 1, 2013, the limits are $150,000 for injury to one person in a single occurrence and an aggregate of $600,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $150,000; for incidents occurring on and after January 1, 2013, but before January 1, 2018, the maximum amounts that may be recovered under the Immunity Act are $350,000 for injury to one person in a single occurrence and an aggregate of $990,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $350,000; and for incidents occurring on and after January 1, 2018, but before January 1, 2022, the maximum amounts that may be recovered under the Immunity Act are $387,000 for injury to one person in a single occurrence and an aggregate of $1,093,000 for injury to two or more persons in a single occurrence, except that no one person may recover in excess of $387,000. These limits are subject to adjustment on January 1, 2022, and every four years thereafter based on the percentage change in the Consumer Price Index for Denver-Boulder-Greeley, or its successor index. In individual cases the General Assembly may authorize the recovery from the State of amounts in excess of these limits by legislative action initiated either directly by the General Assembly or upon recommendation of the State Claims Board. The Immunity Act does not limit recovery against an employee who is acting outside the course and scope of his/her employment. The Immunity Act specifies the sources from which judgments against public entities may be collected and provides that public entities are not liable for punitive or exemplary damages. The Immunity Act does not prohibit claims in Colorado state court against public entities or their employees based on contract and may not prohibit such claims based on other common law theories. However, the Immunity Act does bar certain federal actions or claims against the State or State employees sued in their official capacities under federal statutes when such actions are brought in state court. The Eleventh Amendment to the U.S. Constitution bars certain federal actions or claims against the State or its employees sued in their official capacities under federal statutes when such actions are brought in federal court.

HB 12-1361 amended the Immunity Act by waiving sovereign immunity of the State in an action for injuries resulting from a prescribed fire started or maintained by the State or any of its employees on or after January 1, 2012. A prescribed fire is defined as the application of fire in accordance with a written prescription for vegetative fuels, but excluding a controlled burn used in farming industry to clear land of existing crop residue, kill weeds and weed seeds or to reduce fuel build-up and decrease the likelihood of a future fire.

Self-Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 1G, 9 and 19 and General Fund Components (in Supplementary Information) in the State's Unaudited Fiscal Year 2018-19 BFS appended to this Official Statement. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

For a description of pending material litigation in which the State is a defendant, see Note 19 to the State's Unaudited Fiscal Year 2018-19 BFS appended to this Official Statement. The State believes that it has a reasonable possibility of favorable outcomes for the actions discussed in Note 19, but the ultimate outcome cannot presently be determined. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in such Note.

LEGAL MATTERS

Legal matters relating to the validity of the Series 2019O Certificates are subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel, which will be delivered with the Series 2019O Certificates, a form of which is attached hereto as "APPENDIX D – FORM OF OPINION OF BOND COUNSEL." Kline Alvarado Veio, P.C., Denver, Colorado, has acted as special counsel to the State in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the State by the office of the Attorney General of the State, as counsel to the State. Stradling Yocca Carlson & Rauth, P.C., Reno, Nevada, has acted as counsel to the Underwriters in connection with this financing. Payment of legal fees to Bond Counsel and Special Counsel are contingent upon the sale and delivery of the Series 2019O Certificates.

TAX MATTERS

The following is a summary of certain material federal income tax consequences of the purchase, ownership and disposition of the 2019O Certificates based upon laws, regulations, rulings and decisions currently in effect, all of which are subject to change.

Generally

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered at the time of original issuance of the Series 2019O Certificates, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2019O Certificates is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax.

The State and the Series 2019O Participating K-12 Institutions have made certain representations and covenanted to comply with requirements that must be satisfied in order for the interest on the Series 2019O Certificates to be excludable from gross income for federal income tax purposes. The opinions set forth above are subject to the accuracy of such representations and continuing compliance by the State and the Series 2019O Participating K-12 Institutions and others with such covenants. Failure to comply with such requirements could cause interest on the Series 2019O Certificates to be included in gross income retroactive to the date of issue of such Series 2019O Certificates.

The accrual or receipt of interest on the Series 2019O Certificates may otherwise affect the federal income tax liability of the owners of the Series 2019O Certificates. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2019O Certificates, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Tax Code for coverage under a qualified health plan, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2019O Certificates.

Bond Counsel has expressed no opinion regarding the effect of any termination of the State's obligation under the Leases, under certain circumstances as provided in the Leases, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2019O Certificates, or any other federal tax consequences related to the ownership or disposition of the Series 2019O Certificates.

Original Issue Premium

The Series 2019O Certificates that have an original yield below their interest rate, as shown on the inside cover page of this Official Statement, are being sold at a premium (collectively, the "Tax-Exempt Premium Obligations"). An amount equal to the excess of the issue price of a Tax-Exempt Premium Obligation over its stated redemption price at maturity constitutes premium on such Tax-Exempt Premium Obligation. A purchaser of such Tax-Exempt Premium Obligation must amortize any premium over such Tax-Exempt Premium Obligation's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Tax-Exempt Premium Obligations callable prior to their maturity, generally by amortizing the premium to the call date, based upon the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest allocable to the corresponding payment period, and the purchaser's basis in such Tax-Exempt Premium Obligation is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Tax-Exempt Premium Obligation prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of Tax-Exempt Premium Obligations should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning such Tax-Exempt Premium Obligations.

Recognition of Income Generally

Section 451 of the Tax Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Tax Code. The rule generally applies to taxable years after 2017, except that in the case of income from a debt instrument having original issue discount, the rule does not apply until taxable years after 2018. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2019O Certificates under the Tax Code.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2019O Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of a Series 2019O Certificate who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2019O Certificates from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Exemption Under State Tax Law

In the opinion of Bond Counsel, under existing State of Colorado statutes, the interest received by the Owners of the Series 2019O Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. Bond Counsel has expressed no opinion regarding the effect of any termination of the State's obligation under the Leases on interest received or income of the Owners of the Series 2019O Certificates subsequent to such termination, or other tax consequences related to the ownership or disposition of the Series 2019O Certificates under the laws of the State of Colorado or any other state or jurisdiction.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Series 2019O Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2019O Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2019O Certificates or the market value thereof would be impacted thereby. Purchasers of the Series 2019O Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2019O Certificates and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

UNDERWRITING

The Series 2019O Certificates are to be purchased by the Underwriters of the Series 2019O Certificates at a price equal to $191,110,151.43 (representing the aggregate principal amount of the Series 2019O Certificates of $165,805,000 plus an aggregate original issue premium on the Series 2019O Certificates of $25,832,794.60 and less an aggregate underwriting discount on the Series 2019O Certificates of $527,643.17). The Underwriters of the Series 2019O Certificates have agreed to accept delivery of and pay for all the Series 2019O Certificates if any are delivered, provided that the obligation to make such purchase is subject to certain terms and conditions set forth in the Certificate Purchase Agreement related to the Series 2019O Certificates, the approval of certain legal matters by counsel and certain other conditions.

The Underwriters may offer and sell the Series 2019O Certificates to certain dealers (including dealers depositing such Series 2019O Certificates into investment funds) and others at prices lower than the public offering prices stated on the inside front cover hereof. The public offering prices set forth on the inside front cover hereof may be changed after the initial offering by the Underwriters.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the State. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the State.

RBC Capital Markets, LLC, has provided the following information for inclusion in this Official Statement: RBC Capital Markets, LLC and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage and asset management. In the ordinary course of business, RBC Capital Markets, LLC and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC Capital Markets, LLC and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the State. RBC Capital Markets, LLC and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the State. RBC Capital Markets, LLC and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

Wells Fargo Securities has provided the following information for inclusion in this Official Statement: Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2019O Certificates. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2019O Certificates with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2019O Certificates. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

RATINGS

Moody's Investors Service and S&P Global Ratings have assigned the Series 2019O Certificates the ratings set forth in the cover page of this Official Statement. No other ratings have been applied for. A rating reflects only the views of the rating agency assigning such rating, and an explanation of the significance of such rating may be obtained from each such rating agency. The State has furnished to the rating agencies certain information and materials relating to the Series 2019O Certificates, including certain information and materials which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that any of the ratings will continue for any given period of time or that any of the ratings will not be revised downward, suspended or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of any such rating may have an adverse effect on the market price of the Series 2019O Certificates. Neither the State, the Municipal Advisors (hereinafter defined), nor any Underwriter undertakes any responsibility to oppose any such revision, suspension or withdrawal.

MUNICIPAL ADVISOR

The State has retained Hilltop Securities Inc., Denver, Colorado, as municipal advisor to the State in connection with the offering and execution and delivery of the Series 2019O Certificates (the "Municipal Advisor"). *The Municipal Advisor is not obligated to undertake, and has not undertaken, to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.* The Municipal Advisor will act as an independent advisory firm and will not be engaged in underwriting or distributing the Series 2019O Certificates.

CONTINUING DISCLOSURE

Rule 15c2-12, adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, prohibits underwriters from purchasing or selling certain municipal securities unless the issuer of those securities, or an obligated person for whom financial or operating data is presented in the final official statement, has undertaken to provide continuing disclosure information for the benefit of the owners of those securities. In accordance with Rule 15c2-12, the State, acting by and through the State Treasurer, will enter into a Continuing Disclosure Undertaking on the Closing Date, the form of which is appended to this Official Statement, pursuant to which the State Treasurer will agree for the benefit of the Owners and Beneficial Owners of the Series 2019O Certificates to file with the MSRB via its EMMA website (a) certain annual financial information and the State's audited annual financial statements not later than 270 days after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 2019, and (b) notices of the occurrence of certain events affecting the State and the Certificates within ten business days of their occurrence. See as "APPENDIX C – FORM OF CONTINUING DISCLOSURE UNDERTAKING" for a description of the annual information and the notices of events to be provided and other terms of the Continuing Disclosure Undertaking.

The obligations of the State Treasurer pursuant to the Continuing Disclosure Undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2019O Certificates, and, if necessary, may be enforced by such Owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, a breach of the State Treasurer's obligations pursuant to the Continuing Disclosure Undertaking does not constitute an Indenture Event of Default or a Lease Event of Default, and none of the rights and remedies provided in the Indenture and the Lease for such defaults will be available to the Owners and Beneficial Owners of the Certificates in the event of a breach of the Continuing Disclosure Undertaking.

Compliance with Other Continuing Disclosure Undertakings

The State Treasurer has statutory authority over debt issuance and post-issuance compliance with continuing disclosure undertakings entered into by the State, the State Treasurer and certain State departments and agencies that utilize the State's credit (collectively, the "Included Entities") in connection with financial obligations issued by or for the benefit of such the Included Entities. Consistent with this authorization, the responsibility for compliance with the continuing disclosure undertakings entered into by the Included Entities has been centralized with the State Treasurer, which is intended to ensure future compliance with such continuing disclosure undertakings.

The State Treasurer has determined that both prior to and during the previous five years, the State Treasurer and certain other State departments or agencies have not complied in all material respects with other continuing disclosure undertakings entered into by such entities pursuant to Rule 15c2-12 in connection with municipal securities issued by or for the benefit of such entities by failing to file, or to file on a timely basis, on the EMMA website and its predecessor repositories, certain annual financial information, audited financial statements and/or notices of material events as required by those continuing disclosure undertakings.

In early 2013, the State Treasurer retained Digital Assurance Certification, LLC ("DAC Bond"), as its disclosure dissemination agent for the purpose of assisting it with auditing past compliance, making remedial filings and ensuring ongoing compliance with its continuing disclosure filing requirements with the MSRB of all information required in the continuing disclosure undertakings entered into by the Included Entities, and plans to implement other procedures intended to ensure future material compliance with such continuing disclosure undertakings.

In addition, consistent with its statutory authorization and as a result of the circumstances described above, the State Treasurer's office commenced, and is continuing to carry out, a comprehensive review of compliance by the State with the continuing disclosure undertakings entered into by the Included Entities for the purpose of determining whether there are other instances of material noncompliance with such continuing disclosure undertakings. Instances of material noncompliance discovered by the State Treasurer's office to date have been addressed by making appropriate corrective filings or taking other remedial actions, either directly or by DAC Bond, and may include corrective action and participation in the SEC's Municipal Continuing Disclosure Cooperation Initiative.

Due to various issues that were experienced by the State in connection with the implementation of a new integrated financial system as described in "STATE FINANCIAL INFORMATION – Fiscal Controls and Financial Reporting," the State's unaudited Basic Financial Statements for Fiscal Year 2014-15 and the State's Fiscal Year 2014-15 CAFR were not completed and released until late January 2016 and late April 2016, respectively. As a result, the State was unable to post its Fiscal Year 2014-15 audited financial statements on EMMA by December 31, 2015, as required by numerous continuing disclosure undertakings entered into by the Included Entities. Notice of such noncompliance was posted on EMMA on January 25, 2016, and the State's unaudited Basic Financial Statements for Fiscal Year 2014-15 and the State's Fiscal Year 2014-15 CAFR were subsequently posted on EMMA on February 1, 2016, and May 2, 2016, respectively. The State was also unable to post its Fiscal Year 2015-16 audited financial statements on EMMA by December 31, 2016, as required by such continuing disclosure undertakings. The State's unaudited Basic Financial Statements for Fiscal Year 2015-16 and the State's Fiscal Year 2016-17 CAFR were posted on EMMA on January 16, 2017, and March 8, 2017, respectively. A notice of late filing was posted on EMMA on January 25, 2018, and the State's unaudited Basic Financial Statements for Fiscal Year 2016-17 and the State's Fiscal Year 2016-17 CAFR were posted on EMMA on January 8, 2018, and February 8, 2018, respectively.

In addition to the State's financial statements for Fiscal Years 2014-15 and 2015-16 discussed above, certain operating data for the Department of Human Services for Fiscal Years 2014-15 and 2015-16 was not timely posted on EMMA (within 200 days of the end of the Fiscal Year) in connection with the Colorado State Department of Human Services (Division of State and Veterans Nursing Homes) Enterprise System Revenue Anticipation Warrants, Series 2002A. Notices of failure to file such information for Fiscal Years 2014-15 and 2015-16 were posted on EMMA on January 21, 2016, and January 19, 2017, respectively. The State's unaudited Basic Financial Statements and CAFRs for Fiscal Years 2014-15 and 2015-16 were posted on EMMA as discussed above, and the operating data for the Department of Human Services for both Fiscal Years 2014-15 and 2015-16 was posted on EMMA on March 28, 2017.

The OSPB March 2016 revenue forecast was not timely posted on EMMA in connection with the State's Higher Education Federal Mineral Lease Certificates of Participation, Series 2014A. Both a notice of failure to timely file such revenue forecast, together with the revenue forecast, were posted on EMMA on May 17, 2016.

MCDC Settlement Order with the Securities and Exchange Commission

In March of 2014, the SEC announced its Municipal Continuing Disclosure Cooperation Initiative (the "MCDC") pursuant to which underwriters and municipal issuers could self-report instances where official statements of municipal issuers failed to report instances in which the issuer failed to comply in all material respects with its continuing disclosure undertakings. Pursuant to the MCDC, on or about November 26, 2014, the State Treasurer reported certain prior failures to the SEC.

In May of 2016, the State Treasurer, on behalf of the Colorado Department of Transportation ("CDOT"), executed an Offer of Settlement (the "Offer") with the SEC under the MCDC, which Offer was accepted by the SEC on August 24, 2016, and became an order of the SEC (the "Order"). As described in the Order, CDOT participated in one negotiated offering in 2011 in which the final official statement stated in relevant part that during the past five years, CDOT had complied in all material respects with its continuing disclosure undertakings. Notwithstanding such statement, however, CDOT's audited financial statements for 2006, 2007, 2008, 2009 and 2010 were not filed until 2014 when it was discovered that such financial statements had not been filed previously with the Nationally Recognized Municipal Securities Information Repositories or the MSRB through the EMMA system, as applicable.

Pursuant to the Order, the State Treasurer agreed to (i) within 180 days of the entry of the Order, establish written policies and procedures and undertake periodic training regarding continuing disclosure obligations, including designation of an individual or officer responsible for ensuring compliance with such policies and procedures, (ii) within 180 days of the entry of the Order, comply with existing continuing disclosure undertakings, and, if not currently in compliance, update past delinquent filings, (iii) disclose in clear and conspicuous fashion the terms of the Offer in any official statement for an offering through the State Treasurer within five years of the institution of the proceedings, (iv) cooperate with any subsequent investigation by the SEC regarding false statements and/or material omissions and (v) not later than one year from the date of the institution of the proceedings, certify, in writing, compliance with the foregoing undertakings.

In a letter dated August 22, 2017, to the SEC, the State Treasurer stated that written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance were implemented and that the State was in compliance with all continuing disclosure obligations, including updating past delinquent filings if the State Treasurer was not in compliance with its continuing disclosure obligations. The State Treasurer has and intends to continue to fully disclose in a clear and conspicuous fashion the terms of the settlement accompanying the Order in any final official statement for offering by the State Treasurer within five years of the institution of proceedings.

The State Treasurer has updated its continuing disclosure procedures in order to ensure filings are done in accordance with its continuing disclosure agreements.

Additional information concerning the matters discussed in this section may be obtained from the Colorado Attorney General's Office, 1300 Broadway, 6th Floor, Denver, Colorado 80203, Attention: Lori Ann F. Knutson, Esq., First Assistant Attorney General, telephone number (720) 508-6153.

MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2019O Certificates, copies of the Act and certain other documents referred to herein may be obtained from the source provided in "INTRODUCTION – Miscellaneous." So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

OFFICIAL STATEMENT CERTIFICATION

The preparation and distribution of this Official Statement have been authorized by the State Treasurer. This Official Statement is hereby approved by the Department of the Treasury as of the date on the cover page hereof.

STATE OF COLORADO, acting by and through the Department of the Treasury

By:____

Deputy Treasurer

APPENDIX A

STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

AND

STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Page numbering is that of the original printed documents)

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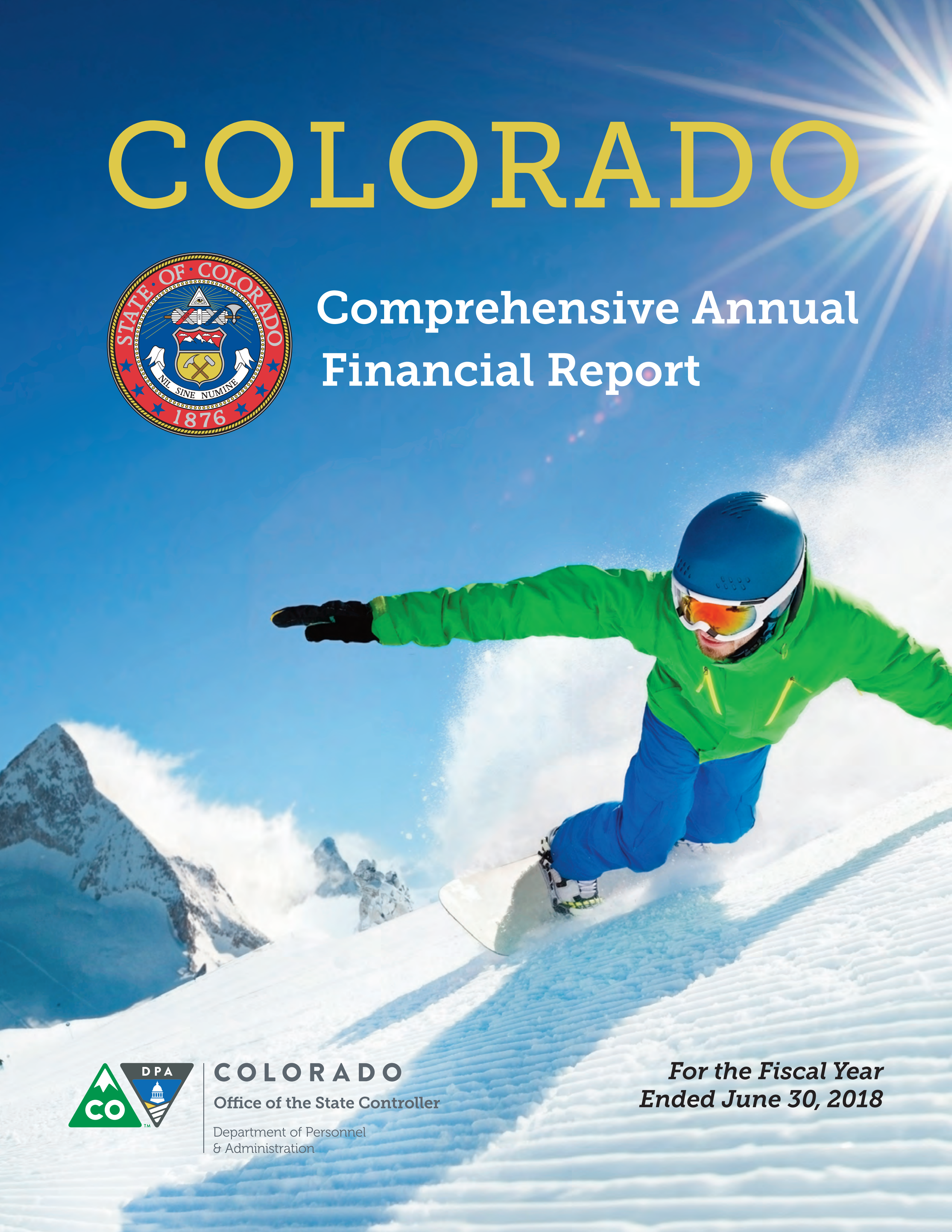
COLORADO

Comprehensive Annual Financial Report



COLORADO
Office of the State Controller
Department of Personnel & Administration

For the Fiscal Year Ended June 30, 2018

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

John Hickenlooper
Governor

Department of Personnel & Administration

June Taylor
Executive Director

Robert Jaros
State Controller

COLORADO
Office of the State Controller
Department of Personnel & Administration

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 and the state's organization chart. The Financial Section includes the auditor's opinion, management's discussion and analysis, the basic financial statements, and the combining 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:

https://www.colorado.gov/osc/cafr

STATE OF COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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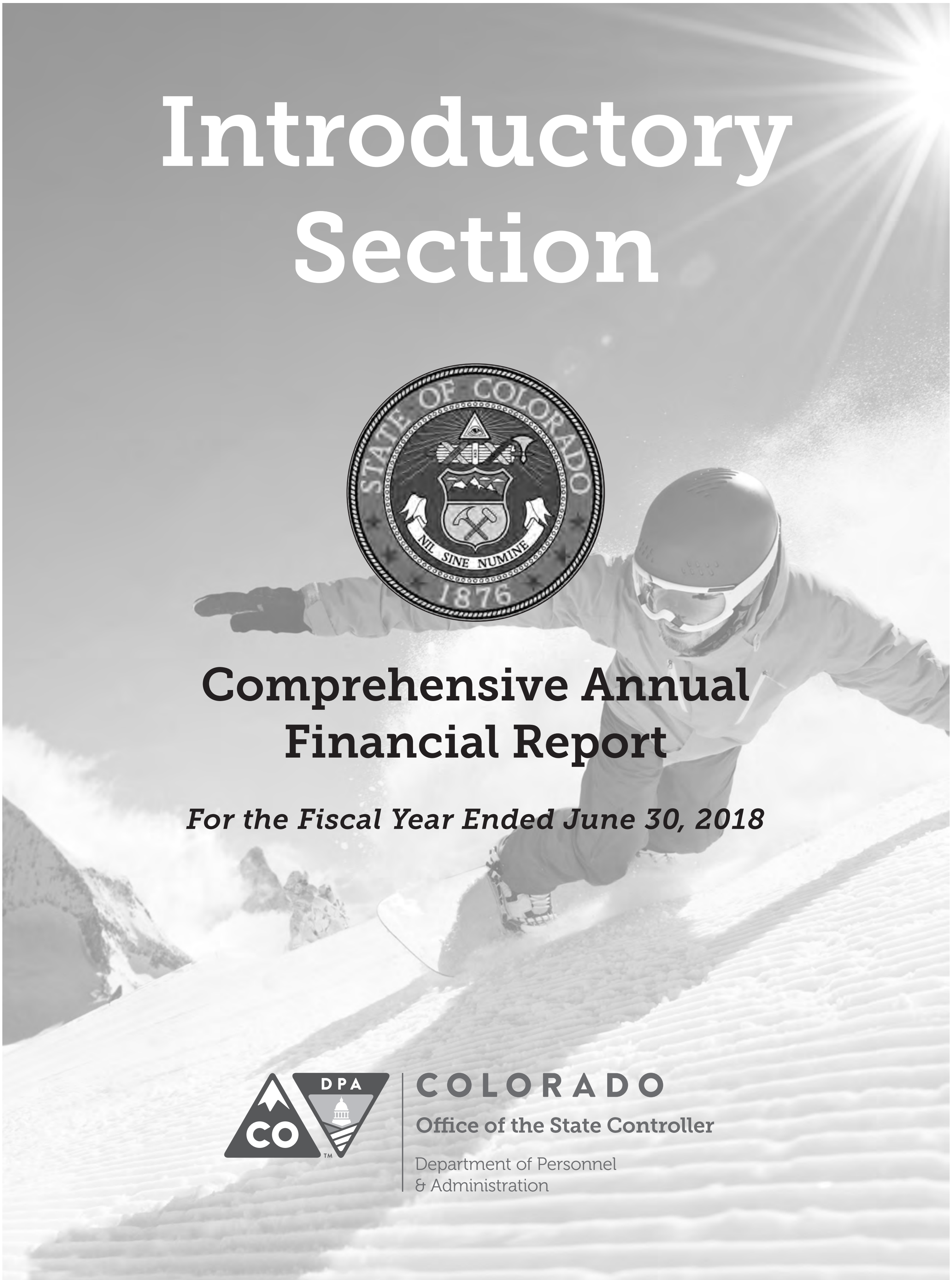
INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION



Introductory Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

COLORADO

Office of the State Controller

Department of Personnel & Administration

COLORADO
Office of the State Controller
Department of Personnel
& Administration

Office of the State Controller
1525 Sherman St.
Denver, CO 80203

December 18, 2018

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

I am pleased to submit the State of Colorado's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. The State Controller is responsible for the contents of the CAFR and is committed to sound financial management and governmental accountability.

We believe the Basic Financial Statements contained in the CAFR 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 net position or fund balances of the major funds and nonmajor funds in the aggregate. All required disclosures have been presented to assist readers in understanding the State's financial affairs.

Management has established a comprehensive framework of internal controls, which are designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control.

Except as noted below, the CAFR is prepared in conformity with generally accepted accounting principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB). The schedules comparing budgeted to actual activity, included in the sections titled Required Supplementary Information and Supplementary Information, are not presented in accordance with GAAP. Rather, they reflect the budgetary basis of accounting which defers certain payroll, Medicaid, and other statutorily defined expenditures to the following fiscal year; for additional information, see the Cash Basis Accounting description in the Management's Discussion and Analysis (MD&A).

The MD&A contains financial analysis and additional information that is required by GASB and should be read in conjunction with this transmittal letter. In addition to the Basic Financial Statements, the CAFR includes: combining financial statements that present information by fund category, certain narrative information that describes the individual fund categories, supporting schedules, Taxpayer Bill of Rights (TABOR) Schedules and notes, and statistical tables that present financial, economic, and demographic data about the State.

The State Auditor performed an independent audit of the Basic Financial Statements contained in the CAFR and has issued an unmodified opinion. The State Auditor also applied limited audit procedures to the Required Supplementary Information (including the MD&A), but does not issue an opinion on such information. For more information regarding the audit and its results, see the Independent Auditor's Report.

PROFILE OF THE STATE GOVERNMENT

The government of the State of Colorado serves an estimated 5,686,800 Coloradans. The services provided are categorized by function of government on the government-wide *Statement of Activities*. The largest of these are education, higher education, and social assistance.

Structure of the State Government

The State maintains a separation of powers by utilizing three branches of government: executive, legislative, and judicial. The executive branch comprises four major elected officials – Governor, State Treasurer, Attorney General, and Secretary of State. Most departments of the State report directly to the Governor; however, the Departments of Treasury, Law, and State report to their respective elected officials and the Department of Education reports to the elected State Board of Education.

The Legislature is bicameral and comprises thirty-five senators and sixty-five representatives. The Legislature's otherwise plenary power is checked by the requirement for the Governor to sign its legislation and by specific limitations placed in the State Constitution by voters. The most significant fiscal limitation is the restriction related to issuing debt, raising taxes, and changing existing spending limits. From a fiscal perspective, the Joint Budget Committee of the Legislature, because of its preparation of the annual budget and supplemental appropriations bills, heavily influences the financial decision making of the Legislature. The Committee is bipartisan with members drawn from each of the houses of the Legislature.

The Judicial Branch is responsible for resolving disputes within the State, including those between the executive and legislative branches of government, and for supervising offenders on probation. The Branch includes the Supreme Court, Court of Appeals, district courts, and county courts, served by more than 300 justices and judges in 22 judicial districts across the State. There are also seven water courts, one in each of the State's major river basins.

Component Units

The Basic Financial Statements include financial information for component units, which are entities that are legally separate from the State but included in the CAFR as prescribed by GAAP. The financial information for these component units are either discretely presented (Note 22), or blended (Note 1) within the Higher Education Fund. Below is a list of the entities reported in the Basic Financial Statements as component units:

- Discretely Presented Component Units:
    - Colorado Water Resources and Power Development Authority
    - University of Colorado Foundation
    - Colorado State University Foundation
    - Colorado School of Mines Foundation
    - University of Northern Colorado Foundation
    - Other Component Units (nonmajor):
        - Denver Metropolitan Major League Baseball Stadium District
        - HLC @ Metro, Inc.
- Blended Component Units:
    - University Physician, Inc.
    - University of Colorado Property Construction, Inc.

There were other entities evaluated for inclusion as component units, but did not meet the criteria established by GASB. Many of these are discussed under Related Organizations in Note 18.

Budgetary Process and Budgetary Control

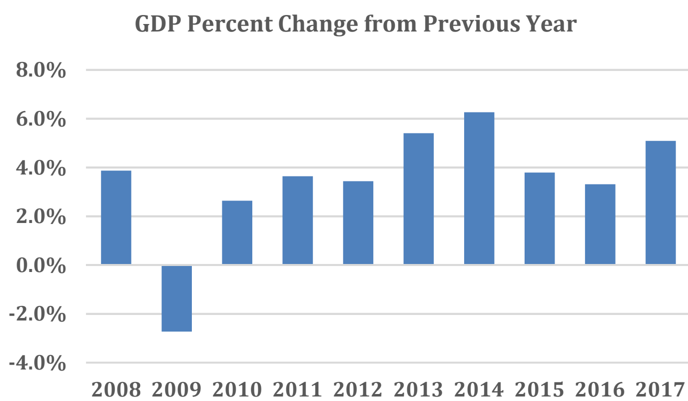
The State's budget consists of appropriated and non-appropriated General-funded, Federally-funded, and Cash-funded amounts. The appropriated portion of the budget is determined annually by the General Assembly, which creates the annual Long Appropriation Act as well as other special and supplemental bills. In its appropriation bills, the General Assembly sets the legal level of budgetary control for appropriated amounts by department, line item, and funding source. The non-appropriated portion includes certain cash funds, for which existing state statutes prescribe the amounts authorized for spending, and most federal funds, for which a federal award document or other agreement establishes the amount authorized for spending. The budget is entered into the State's accounting system, which tracks amounts spent and obligated, to ensure the budget is executed as authorized.

For the most part, operating appropriations lapse at the end of the fiscal year unless the State Controller approves, at a line item level, an appropriation roll-forward based on express legislative direction or extenuating circumstances. The State Controller may also, at a line item level and with the approval of the Governor, allow expenditures in excess of the appropriated budget. Capital construction appropriations are normally effective for three years and do not require State Controller roll-forward approval.

The State's Economy

The State's General Fund general-purpose revenues reflect the overall condition of the State economy, which showed continued growth in Fiscal Year 2018; General Fund revenues increase by $1,459 million (14.2 percent) from the prior year. Historically, Colorado economic activity and in-migration have been interdependent. Net migration has averaged approximately 53,900 from 2013 to 2017. Net migration has increased over this period from approximately 45,300 (2013) to 47,600 (2017) and is projected to be 53,000 and 50,000 for 2018 and 2019, respectively.

The chart below shows the percent change from the previous year of Colorado's gross domestic product (GDP) for the years 2008 to 2017. According to the Bureau of Economic Analysis (BEA), the GDP has, with the exception of a decrease in 2009, consistently increased over the last ten years. Colorado's 2017 GDP of $345,233 million is a 5.1 percent increase from 2016 and a 40.3 percent increase from 2007.



Colorado has a diverse economy, comprising many industries. The table below shows GDP in current dollars and percent of total GDP by industry for the years 2007 and 2017. Over this ten-year period, the industry profile of the State's GDP has been stable, with growth across most industries.

Industry	2007 GDP (millions)	2007 Percent of Total	2017 GDP (millions)	2017 Percent of Total
Finance, Insurance, Real Estate, Rental, And Leasing	$ 47,505.7	19.31 %	$ 70,291.9	20.37 %
Professional And Business Services	33,428.0	13.59	51,068.2	14.79
Government And Government Enterprises	29,676.8	12.06	42,297.7	12.25
Educational Services, Health Care, And Social Assistance	14,976.9	6.09	25,312.9	7.33
Manufacturing	19,299.7	7.84	23,015.2	6.67
Construction	14,268.9	5.80	19,317.0	5.60
Wholesale Trade	13,745.8	5.59	20,024.1	5.80
Information	19,160.8	7.79	18,823.2	5.45
Retail Trade	14,136.2	5.75	18,578.4	5.38
Arts, Entertainment, Recreation, Accommodation, And Food Services	10,359.7	4.21	17,890.7	5.18
Mining, Quarrying, And Oil And Gas Extraction	11,277.4	4.58	11,187.3	3.24
Transportation And Warehousing	6,820.0	2.77	12,953.2	3.75
Other Services (Except Government And Government Enterprises)	5,855.6	2.38	7,975.4	2.31
Utilities	3,084.5	1.25	3,837.7	1.11
Agriculture, Forestry, Fishing, And Hunting	2,447.5	0.99	2,660.2	0.77
All Industry Total	$ 246,043.5		$ 345,233.1	

The Office of State Planning and Budgeting has made the following calendar year forecasts for Colorado's major economic variables:

- Unemployment will average 2.9 percent for 2018 compared with 2.8 and 3.3 percent in 2017 and 2016, respectively, and it is expected to slightly increase in 2019 to 3.0 percent.
- Wages and salary income will increase by 5.8 percent in 2018 and by 5.2 percent in both 2019 and 2020.
- Total personal income will increase by 5.6 percent in 2018, by 5.2 percent in 2019, and by 5.0 percent in 2020.
- Retail trade sales will increase by 4.9 percent in 2018 followed by an increase of 4.6 percent in 2019.
- Inflation, measured by the Denver-Aurora-Lakewood consumer price index, will be 3.0 percent in 2018 and 2.8 percent in 2019.

Long-Term Financial Planning, Relevant Financial Policies, and Major Initiatives

In 2018, the General Assembly passed Senate Bill 18-276. The bill increases the State's General Fund Reserve from 6.50 percent to 7.25 percent of the amount appropriated from the General Fund for Fiscal Year 2019 and each fiscal year thereafter. As stated in the bill, increasing the General Fund Reserve allows the State to continue providing critical services even when there is an economic downturn or a natural disaster. The bill indicates this increase is intended to be an incremental improvement towards a truly sufficient General Fund Reserve.

Senate Bill 18-200, also passed in 2018, took action to address underfunded obligations of the Public Employees' Retirement Association (PERA), which provides benefits to state and local government retirees. The bill makes several provisions which include a recurring appropriation to PERA and changes to contribution rates, formulas for calculating benefits, and cost of living allowances. As a result of the passage of this bill, a reduction to the State's unfunded pension liabilities is expected in future years until the liability is fully funded by 2048.

AWARDS AND ACKNOWLEDGEMENTS

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 of Colorado for its CAFR for the fiscal year ended June 30, 2017. This was the twenty-first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In conclusion, I thank my staff and the controllers, accountants, auditors, and program managers in the State departments and branches whose time and dedication have made this report possible. I reaffirm our commitment to maintaining the highest standards of accountability in financial reporting.

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Colorado

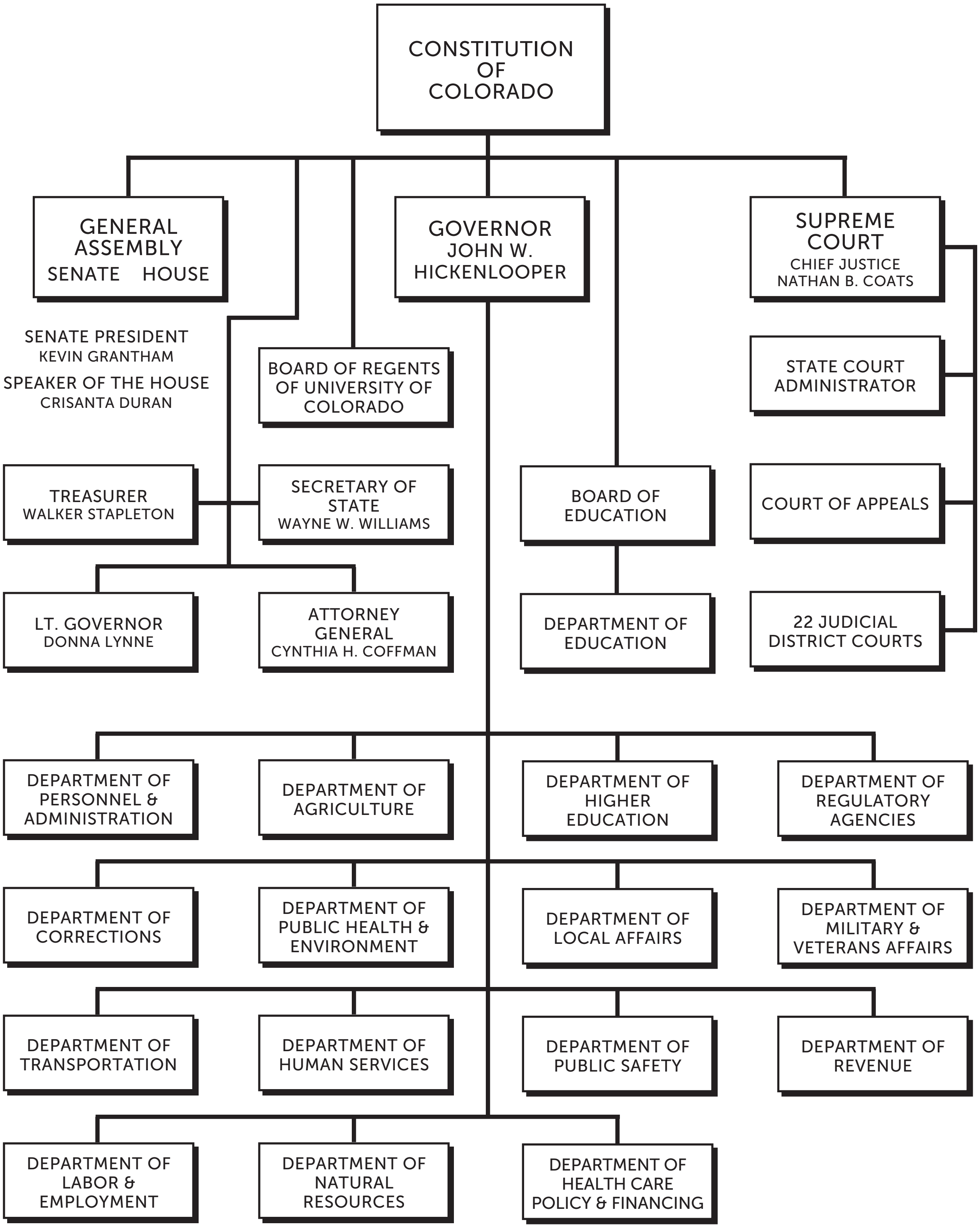
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

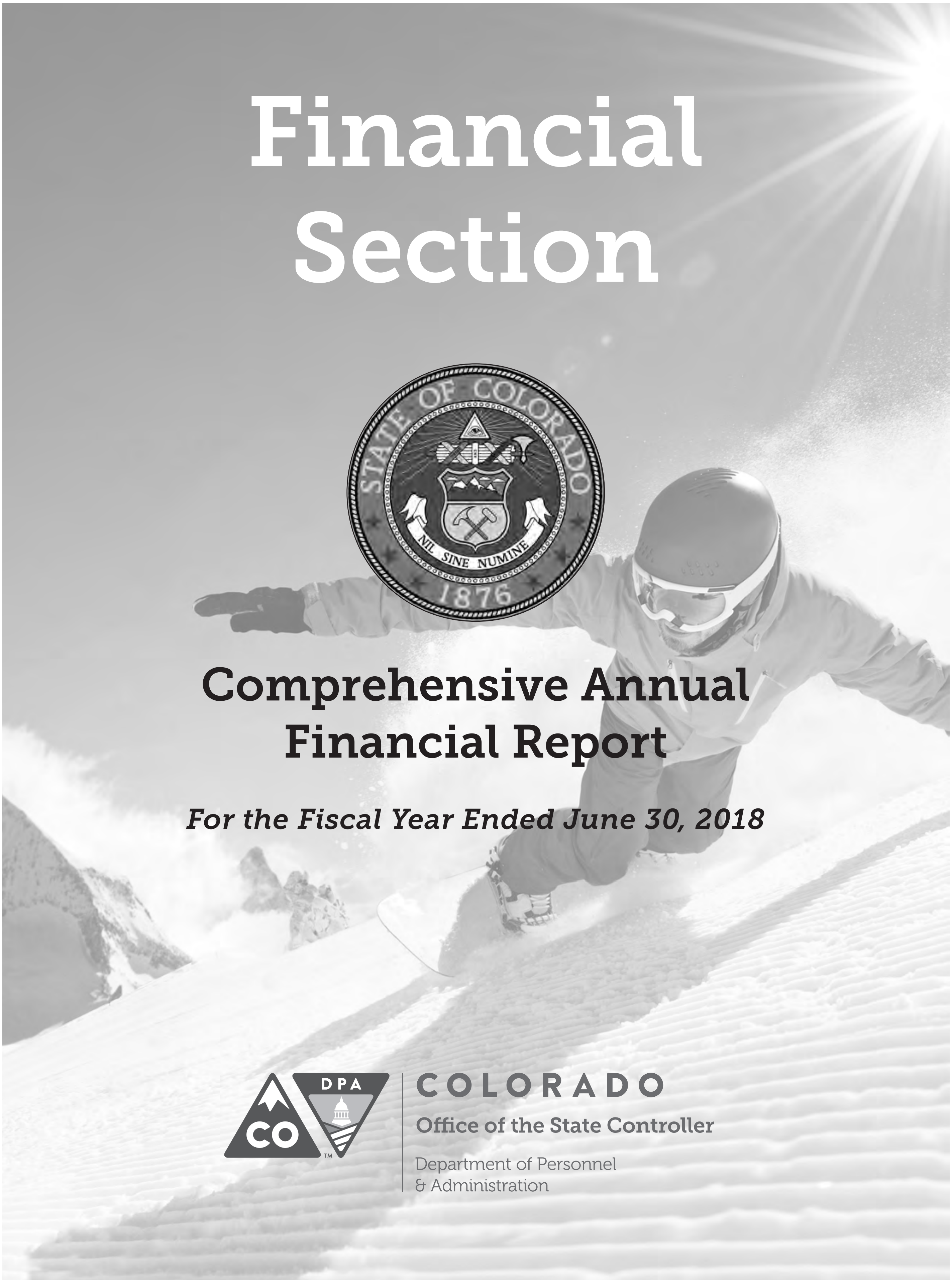
June 30, 2017

Christopher P. Morrill

Executive Director/CEO

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





Financial Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

COLORADO
Office of the State Controller
Department of Personnel & Administration

Office of the State Auditor

Dianne E. Ray, CPA
State Auditor

INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Audit Committee:

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Colorado (State), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents. We have also audited the State's budgetary comparison schedule—general fund component (schedule) and the related note for the Fiscal Year Ended June 30, 2018, as displayed in the State's required supplementary information section.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The State's management is responsible for the preparation and fair presentation of these financial statements and schedule 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 and schedule that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements and schedule based on our audit. We did not audit the financial statements of the discretely presented component units identified in Note 1, or the University of Colorado Medicine, a blended component unit, which represent the following:

We Set the Standard for Good Government
1525 SHERMAN STREET, 7TH FLOOR, DENVER, COLORADO 80203-1700
PHONE: 303.869.2800 FAX 303.896.3060

PERCENTAGE OF FINANCIAL STATEMENTS AUDITED BY OTHER AUDITORS			
OPINION UNIT/DEPARTMENT	ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	NET POSITION	REVENUES, ADDITIONS, AND OTHER FINANCING SOURCES
Aggregate Discretely Presented Component Units	100%	100%	100%
Fund Statements – Proprietary Funds			
Higher Education Institutions – Major Fund			
University of Colorado Medicine	5%	73%	14%
Government-wide statements			
Business-type activities			
University of Colorado Medicine	4%	18%	8%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts and disclosures included for those discretely presented component units and for University of Colorado Medicine, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the University of Colorado Foundation, Colorado State University Foundation, Colorado School of Mines Foundation, the University of Northern Colorado Foundation, and the Denver Metropolitan Major League Stadium District, which are discretely presented component units; and the University of Colorado Medicine and the University of Colorado Property Construction, Inc., which are blended component units; were audited in accordance with auditing standards generally accepted in the United States, but were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and schedule, 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 and schedule 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 and schedule.

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

OPINIONS

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, as well as the budgetary comparison schedule—general fund component of the State of Colorado, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

Change in Accounting Principle

As discussed in Note 15B to the financial statements, in Fiscal Year 2018 the State of Colorado adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. Our opinions are 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 following be presented to supplement the basic financial statements:

LOCATION OF REQUIRED SUPPLEMENTARY INFORMATION	
REQUIRED SUPPLEMENTARY INFORMATION	PAGES
Management's discussion and analysis	23-39
Budgetary comparison schedules	188-193
Notes to required supplementary information	194-213
Budgetary comparison schedule-general fund component	214-216

Such information, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, budgetary comparison schedules, and notes to 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 this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budget and actual schedules—budgetary basis non-appropriated, schedule of TABOR revenue and computations, and statistical section are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The introductory section, budget and actual schedules—budgetary basis non-appropriated, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

The combining and individual nonmajor fund financial statements and schedule of TABOR revenue and computations 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 by us and the other auditors. In our opinion, based on the procedures performed as described above, the combining and individual nonmajor fund financial statements, and schedule of TABOR revenue and computations are fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards,* we will issue a separate report dated December 18, 2018, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

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

Denver, Colorado
December 18, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following discussion and analysis is supplementary information required by the Governmental Accounting Standards Board (GASB), and is intended to provide an easily readable explanation of the information provided in the attached basic financial statements. It is by necessity highly summarized, and in order to gain a thorough understanding of the State's financial condition, the attached financial statements and notes should be reviewed in their entirety.

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

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

Government-wide Financial Statements

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

The *Statement of Net Position* shows the financial position of the State at the end of the Fiscal Year. Net position measures the difference between assets and deferred outflows and liabilities and deferred inflows. Restrictions reported in net position indicate that certain assets, net of the related liabilities, can only be used for specified purposes. Increases in total net position from year to year indicate the State is better off financially, while decreases in total net position may or may not indicate the opposite.

The *Statement of Activities* shows how the financial position has changed since the beginning of the Fiscal Year. The most significant financial measure of the government's current activities is presented in the line item titled "Change in Net Position" at the bottom of the *Statement of Activities.* The statement is presented in a net program cost format, which shows the cost of programs to the government by offsetting revenues earned by the programs against expenses of the programs. Due to the large number of programs operated by the State, individual programs are aggregated into functional areas of government.

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

- Governmental activities are the normal operations of the primary government that are not presented as business-type activities. Governmental activities include Internal Service Funds and are primarily funded through taxes, intergovernmental revenues, and other nonexchange revenues.

- Business-type activities are primarily funded by charges to external parties for goods and services. These activities are generally reported in Enterprise Funds in the fund-level statements because the activity has revenue-backed debt or because legal requirements or management decisions mandate full cost recovery.

- Discretely presented component units are legally separate entities for which the State is financially accountable. More information on the discretely presented component units can be found in Note 2.

Fund-Level Financial Statements

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

- Governmental Funds – A large number of the State's individual funds and activities fall in this fund type; however, only some are reported as major – the remaining funds are aggregated into the nonmajor column with additional fund detail presented in the Supplementary section of this report. Governmental Funds are presented using the current financial resources perspective, which is essentially a short-term view that excludes capital assets, debt, and other long-term liabilities. The modified accrual basis of accounting is used. Under modified accrual, certain revenues are deferred because they will not be collected within the next year, and certain expenditures are not recognized, even though they apply to the current period, because they will not be paid until later fiscal periods. This presentation focuses on when cash will be received or disbursed, and it is best suited to showing amounts available for appropriation. The governmental fund type includes the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Permanent Funds.

- Proprietary Funds – Proprietary fund type accounting is similar to that used by businesses in the private sector. It is used for the State's Enterprise Funds and Internal Service Funds. Enterprise Funds generally sell to external customers while Internal Service Funds generally charge other State agencies for goods or services. These funds are presented under the economic resources measurement focus, which reports all assets and liabilities. Accrual accounting is used, which results in revenues recognized when they are earned and expenses reported when the related liability is incurred. Because this is the same perspective and basis of accounting used on the government-wide statements, Enterprise Fund information flows directly to the business-type activities column on the government-wide statements without adjustment. Internal Service Fund assets and liabilities are reported in the governmental activities on the government-wide *Statement of Net Position* because Internal Service Funds primarily serve governmental funds. The net revenue or net expense of Internal Service Funds is reported as an increase or reduction to program expenses on the government-wide *Statement of Activities.* On the fund-level statements, nonmajor Enterprise Funds are aggregated in a single column, as are all Internal Service Funds.

- Fiduciary Funds – These funds report resources held under trust agreements for other individuals, organizations, or governments. The assets reported are not available to finance the State's programs, and therefore, these funds are not included in the government-wide statements. The State's fiduciary funds include Pension and Other Employee Benefits Trust Funds, several Private-Purpose Trust Funds, and several Agency Funds. Agency Funds track only assets and liabilities and do not report revenues and expenses on a statement of operations. All Fiduciary Funds are reported using the accrual basis of accounting.

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

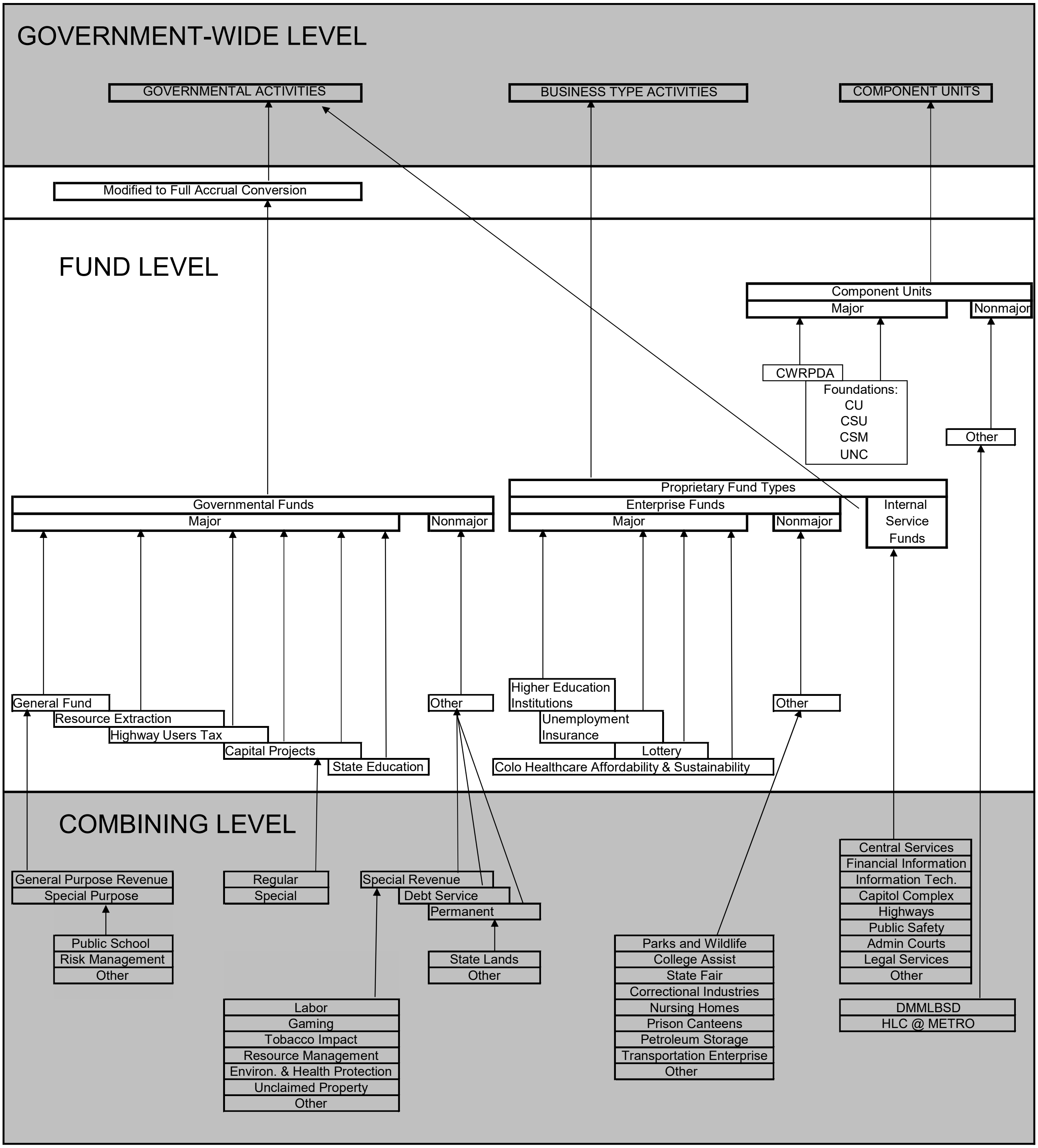
Notes to Basic Financial Statements

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

Required Supplementary Information (RSI)

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

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



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

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Government-wide Statement of Net Position

The amount of total net position is one measure of the health of the State's finances, and serves as a useful indicator of a government's financial position over time. However, this measure must be used with care because large portions of the balances related to capital assets or restricted assets may be unavailable to meet the day-to-day payments of the State. The State's combined total net position of both governmental and business-type activities decreased from the prior fiscal year by $3,076.5 million from $13,277.4 in Fiscal Year 2017 to $10,200.9 million in Fiscal Year 2018.

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

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Noncapital Assets	$ 10,301,284	$ 9,106,572	$ 7,393,294	$ 6,836,651	$ 17,694,578	$ 15,943,223
Capital Assets	12,199,565	12,079,601	9,871,474	9,424,646	22,071,039	21,504,247
Total Assets	22,500,849	21,186,173	17,264,768	16,261,297	39,765,617	37,447,470
Deferred Outflow of Resources	2,563,034	3,503,643	1,750,279	2,332,443	4,313,313	5,836,086
Current Liabilities	2,980,058	2,757,026	1,381,242	1,477,080	4,361,300	4,234,106
Noncurrent Liabilities	14,492,965	13,127,007	13,841,953	12,340,280	28,334,918	25,467,287
Total Liabilities	17,473,023	15,884,033	15,223,195	13,817,360	32,696,218	29,701,393
Deferred Inflow of Resources	560,903	98,746	620,945	206,047	1,181,848	304,793
Net Investment in Capital Assets	10,879,491	14,071,021	5,108,898	6,982,288	15,988,389	21,053,309
Restricted	3,401,621	2,995,554	2,117,540	1,801,184	5,519,161	4,796,738
Unrestricted	(7,251,155)	(8,359,538)	(4,055,531)	(4,213,139)	(11,306,686)	(12,572,677)
Total Net Position	$ 7,029,957	$ 8,707,037	$ 3,170,907	$ 4,570,333	$ 10,200,864	$ 13,277,370

The State's net investment in capital assets of $15,988.4 million for governmental and business-type activities combined represents a decrease of $5,064.9 million compared to the prior fiscal year. Net investment in capital assets is a noncurrent asset, and therefore not available to meet related debt service requirements that must be paid from current revenues or available liquid assets.

Assets restricted by the State Constitution or external parties account for another $5,519.2 million, or 54.1 percent of net position. Restricted assets increased by $722.5 million relative to the prior fiscal year. In general, these restrictions dictate how the related assets must be used by the State, and therefore, may not be available for use by any of the State's programs. Examples of restrictions on the use of net position include the constitutionally-mandated TABOR reserve, State Education Fund, Highway Users Tax Fund, and resources pledged to debt service.

The unrestricted component of total net position is a negative $11,306.7 million for the fiscal year ended June 30, 2018, which represents an increase of $1,266.0 million from the prior fiscal year. The increase is primarily due to the decrease of Net Investments in Capital Assets in relation to Total Net Position. The State reports a negative or deficit amount for the unrestricted component only on a government-wide basis, not at the level of any fund. The net pension liability increased by $1,528.3 million compared to the prior fiscal year. Other Noncurrent liabilities, such as bonds and certificates of participation payable, have related capital assets while the net pension liability does not. The State's current liabilities reported on the Statement of Net Position increased by $127.2 million primarily due to increases in tax refunds payable; accounts payable and other accrued liabilities; unearned revenue;

and notes, bonds, and COPs payable. Noncurrent liabilities increased by $2,867.6 million from the prior fiscal year primarily due to the increase in net pension liability referred to above in addition to increases in Other Postemployment Benefit obligations.

Governmental Activities:

Overall, total assets and deferred outflows of resources of the State's governmental activities exceeded total liabilities and deferred inflows of resources by $7,030.0 million, a decrease in net position of $1,677.0 million as compared to the prior fiscal year amount of $8,707.0 million. Cash and restricted cash balances increased by $635.9 million. Taxes Receivable, net of refunds payable, increased by $118.9 million, while investments and restricted investments increased by $174.3 million. Capital assets, net of accumulated depreciation, increased by $120.0 million due to various software projects throughout the State.

Governmental activities' liabilities for notes, bonds, and Certificates of Participation at June 30, 2018 were $1,435.3 million as compared to the prior fiscal year amount of $1,313.5 million. These liabilities represent 15.1 percent of financial assets (cash, receivables, and investments) and 6.4 percent of total assets of governmental activities (prior fiscal year percentages were 16.8 percent and 6.2 percent, respectively). The governmental activities debt is primarily related to infrastructure, state buildings, and public school buildings. The infrastructure debt is secured by future federal revenues and state highway revenues, state building debt by gaming distributions and judicial fees, and public school buildings debt by School Trust Land revenues.

Governmental activities had a decrease of $3,191.5 million in net investment in capital assets attributable primarily to exclusion of some deferred outflows of resources that were included in the prior year calculation of net investments in capital assets. Restricted net position for governmental activities increased by $406.0 million.

Business-Type Activities:

Overall, total assets and deferred outflows of resources of the State's business-type activities exceeded total liabilities and deferred inflows of resources by $3,171.0 million – a reduction in net position of $1,399.3 million as compared to the prior year amount of $4,570.3 million. The overall decrease was partly attributable to decreases in some current asset balances, recognition of the net OPEB liability, and an increase in the net pension liability for Fiscal Year 2018.

The State's Enterprise Funds have notes, bonds, and Certificates of Participation outstanding that total $5,124.3 million as compared to the prior fiscal year amount of $4,785.0 million – an increase of $339.3 million. The majority of the outstanding revenue bonds is related to Higher Education Institutions and is invested in capital assets that generate a future revenue stream to service the related debt. The Division of Unemployment Insurance also has bonds outstanding secured by future employer insurance premiums.

Total net position for business-type activities was $3,171.0 million, of which $5,108.9 million was for investment in capital assets, and $2,117.5 million is restricted for the purposes of various funds which resulted in an unrestricted deficit of $4,055.5 million. The unrestricted deficit is primarily a result of the increase in the net pension liability and the recognition of the net OPEB liability for Fiscal Year 2018. Business-type activities reported a $1,873.4 million decrease in net investment in capital assets primarily due to fewer capital investments being made by institutions of higher education and the Other Enterprise Funds. Restricted net position for business-type activities reported an increase of $316.4 million from the prior fiscal year.

Government-wide Statement of Activities

The change in net position from the prior fiscal year is another important measure of the State's financial health. The following condensed statement of activities shows that for governmental activities, total expenses and transfers-out were greater than total revenues and transfers-in, which resulted in a decrease to net position of $1,425.0 million. Program revenues for governmental activities decreased by $2,203.4 million (20.0 percent). General revenues for governmental activities increased by $1,588.6 million (13.3 percent) due to increased tax collections.

Total expenses for governmental activities decreased by $1,064.9 million (4.3 percent) from the prior fiscal year due to decreases in social assistance. The following table was derived from the current and prior year government-wide *Statement of Activities*.

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
Programs/Functions	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Program Revenues:						
Charges for Services	$ 1,449,976	$ 2,062,524	$ 7,514,242	$ 6,317,319	$ 8,964,218	$ 8,379,843
Operating Grants and Contributions	6,627,757	8,149,334	5,082,655	2,556,915	11,710,412	10,706,249
Capital Grants and Contributions	745,497	814,739	89,542	43,873	835,039	858,612
General Revenues:					-	-
Taxes	12,032,576	10,649,318			12,032,576	10,649,318
Restricted Taxes	1,273,482	1,169,457			1,273,482	1,169,457
Unrestricted Investment Earnings	21,798	16,987			21,798	16,987
Other General Revenues	199,934	103,476			199,934	103,476
Total Revenues	22,351,020	22,965,835	12,686,439	8,918,107	35,037,459	31,883,942
Expenses:						
General Government	739,872	653,247			739,872	653,247
Business, Community, and Consumer Affairs	912,495	919,676			912,495	919,676
Education	6,086,573	6,045,204			6,086,573	6,045,204
Health and Rehabilitation	1,258,445	1,170,889			1,258,445	1,170,889
Justice	3,254,155	2,974,666			3,254,155	2,974,666
Natural Resources	219,659	169,528			219,659	169,528
Social Assistance	8,810,715	10,489,419			8,810,715	10,489,419
Transportation	2,179,299	2,105,462			2,179,299	2,105,462
Payments to Other Governments			-		-	-
Interest on Debt	60,778	58,764			60,778	58,764
Higher Education Institutions			8,612,196	7,829,889	8,612,196	7,829,889
Healthcare Affordability			3,294,611		3,294,611	-
Unemployment Insurance			444,181	518,891	444,181	518,891
Lottery			547,805	494,110	547,805	494,110
Parks and Wildlife			294,065	257,959	294,065	257,959
College Assist			247,361	315,478	247,361	315,478
Other Business-Type Activities			301,094	219,844	301,094	219,844
Total Expenses	23,521,991	24,586,855	13,741,313	9,636,171	37,263,304	34,223,026
Excess (Deficiency) Before Contributions, Transfers, and Other Items	(1,170,971)	(1,621,020)	(1,054,874)	(718,064)	(2,225,845)	(2,339,084)
Contributions, Transfers, and Other Items:						
Transfers (Out) In	(254,324)	(353,647)	254,324	353,647	-	-
Internal Capital Contributions	44	-	51,439	-	51,483	-
Permanent Fund Additions	277	766	-	-	277	766
Special Item				(808)	-	(808)
Total Contributions, Transfers, and Other Items	(254,003)	(352,881)	305,763	352,839	51,760	(42)
Total Changes in Net Position	(1,424,974)	(1,973,901)	(749,111)	(365,225)	(2,174,085)	(2,339,126)
Net Position - Beginning	8,707,037	10,589,266	4,570,333	4,981,653	13,277,370	15,570,919
Prior Period Adjustment (See Note 15A)	8,583	91,672	-	545	8,583	92,217
Accounting Changes (Note 15B)	(260,689)	-	(650,315)	(46,640)	(911,004)	(46,640)
Net Position - Ending	$ 7,029,957	$ 8,707,037	$ 3,170,907	$ 4,570,333	$ 10,200,864	$ 13,277,370

Business-type activities' total expenses exceeded total revenues, net transfers, and internal capital contributions by $749.1 million, resulting in a decrease in net position. From the prior year to the current year, program revenue from business-type activities increased by $3,768.3 million, and expenses increased by $4,105.1 million due to the increase in accrued pension expense and accrued OPEB expense. Including all prior period and accounting change adjustments, the net position decreased by $1,399.4 million, or 30.6 percent, from the prior year.

FUNDC-LEVEL FINANCIAL ANALYSIS

Governmental Funds:

Governmental fund assets exceeded liabilities resulting in total fund balance of $7,349.4 million as compared to the prior fiscal year amount of $6,363.5 million. The fund balance for all governmental funds increased from the prior fiscal year by $985.9 million from the prior fiscal year which comprised mainly of increases in the General Fund and Other Governmental Funds of $852.7 million and $135.9 million, respectively. Other financing sources was $61.6 million in Fiscal Year 2018 as compared to ($259.0) million in Fiscal Year 2017 mainly resulting from the issuance of the State of Colorado's Building Excellent Schools Today Refunding Certificates of Participation.

The fund balance of the Resource Extraction Fund decreased by $28.6 million due to transfers-out to the General Fund and Other Governmental Funds. The HUTF fund balance decreased by $28.5 million due primarily to decreases in the amount of revenues attributable to federal grants and contracts as compared to the prior fiscal year. The Capital Projects Fund decreased by $49.5 million due to increases in general government expenditures and capital outlay. The State Education Fund increased by $103.8 million primarily due to increases in individual and fiduciary income taxes coupled with decreases in expenditures for school districts. The Other Governmental Funds increased by $135.9 million, due primarily to significant expenditure decreases in social assistance.

General Fund

The ending total fund balance of the General Fund, as measured by generally accepted accounting principles (GAAP), was $2,006.8 million. General Fund revenues decreased overall by $290.4 million (1.6 percent), and expenditures decreased overall by $745.1 million (4.2 percent) relative to the prior fiscal year, resulting in $791.2 million excess of revenues over expenditures for Fiscal Year 2018. The overall fund balance of the General Fund increased by $852.7 million due to increases in individual and corporate income taxes, and sales and use tax combined with decreases in total expenditures. Individual and fiduciary income taxes ($7,006.0 million), sales and use taxes ($3,404.1 million), and federal grants and contracts ($5,941.2 million) are the largest sources of revenue comprising 91.9 percent of total revenue of $17,786.8 million. Overall expenditures decreased by 4.2 percent from the prior year; the decrease is mainly attributed to the social assistance function resulting from less spending on purchased medical services.

General Fund Components & Legal Reserve Requirement

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

Of the overall fund balance of the General Fund, $1,085.2 million (54.1 percent) was attributable to the General Purpose Revenue Fund, including non-spendable, restricted, committed, and assigned amounts. The General Purpose Revenue Fund increased by $575.4 million from the prior fiscal year, which was attributable to increases in tax collections and less spending on social assistance programs during the year. The General Purpose Revenue Fund's $538.9 million year-end unrestricted cash and pooled cash balance increased by $484.8 million from the prior year.

State law requires that the General Purpose Revenue Fund portion of the General Fund maintain a reserve of 6.5 percent of General Purpose Revenue Fund appropriations. House Bill 16-1419 temporarily reduced the reserve requirement from 6.5 percent to 5.6 percent for Fiscal Year 2016, which increased to 6.0 percent for Fiscal Year

2017 and 6.5 percent for Fiscal Year 2018. The General Purpose Revenue Fund had and ending GAAP fund balance of $1,085.2 million to fund this reserve for Fiscal Year 2018.

Resource Extraction Fund

Although the fund balance of the Resource Extraction Fund decreased by $28.6 million (2.3 percent) from the prior fiscal year, revenues of the fund increased by $105.9 million (52.6 percent), which was attributable to increases severance taxes and federal grants and contracts. Expenditures increased by $18.8 million as compared to the prior fiscal year. Expenditures include distributions to local governments, regulatory costs, and construction loans made to local governments and special districts to enhance the use of water resources of the State. Increases to revenues were also offset by increases in transfers-out ($136.3 million in Fiscal Year 2018 as compared to the prior fiscal year amount of $56.4 million) to the General Fund and All Other Funds. A significant portion, $370.0 million, of the fund's total fund balance of $1,213.3 million, relates to long-term loans receivable from the financing of local government water projects by the Water Projects Fund. The balance of the loans receivable decreased by $19.2 million, or 5.5 percent, compared to the prior fiscal year.

Highway Users Tax Fund

The fund balance of the Highway Users Tax Fund (HUTF) decreased by $28.5 million (2.9 percent) from the prior fiscal year. Revenues increased by $69.4 million over the prior year – mainly attributable to increases in collections for the HUTF fee and license, permits and fines. The increases were partially offset by decreases in revenues from federal grants and contracts. Expenditures only increased slightly by $26.3 million from the prior year. The decrease in fund balance was primarily attributable to an excess of expenditures over revenue of $87.7 million, which was partially offset by net transfers of $58.6 million. In response to the economic downturn experienced in Fiscal Years 2007 and 2008, Senate Bill 09-278 eliminated General Purpose Revenue Fund Surplus diversions to the HUTF. The transfer from the General Fund to the HUTF resumed in Fiscal Year 2017, which is the majority of the total transfers-in to the fund. The HUTF's total fund balance of $952.2 million is almost entirely restricted (92.6 percent) due to provisions of the State constitution that require spending only for highway construction and maintenance. This restriction totaled $882.1 million at June 30, 2018.

Capital Projects Fund

The fund balance of the Capital Projects Fund decreased by $49.5 million (20.0 percent) from the prior fiscal year primarily due to expenditures exceeding revenues. Transfers-in from the General Fund increased from $99.1 million in Fiscal Year 2017 to $118.7 million in Fiscal Year 2018 (19.8 percent), and transfers-out decreased from $145.9 million in Fiscal Year 2017 to $65.8 million in Fiscal Year 2018. Total revenues increased from the prior fiscal year by $10.4 million attributable to federal grants and contracts, and total expenditures increased overall by $21.4 million. Total expenditures of the fund were $126.8 million in Fiscal Year 2018, an increase of 20.3 percent as compared to the prior fiscal year. The increase in expenditures was primarily in capital outlay such as construction services and building and land purchases.

State Education Fund

The fund balance of the State Education Fund increased by $103.8 million during Fiscal Year 2018 (101.6 percent) from Fiscal Year 2017. The fund balance has declined each year from Fiscal Years 2013-2017, with Fiscal Year 2013 being the last year for a significant transfer-in from the General Fund, which was $1,073.5 million. The fund balance decline was due to efforts to maintain funding levels for public education during a time of statewide budget constraints. However, in Fiscal Year 2018, overall revenues increased 14.0 percent from the prior fiscal year. The majority of revenues for the fund are derived from a fixed percentage of certain taxpayer tax liabilities, which totaled $617.2 million and was an overall increase of $75.6 million relative to the prior fiscal year. Additionally, $25.3 million was transferred from the General Fund, which was consistent with the transfer made from the General Fund in the prior fiscal year. Expenditures of the fund are limited by a constitutional amendment to certain educational programs meeting growth requirements in other programs. Expenditures of the fund totaled $486.7 million and $718.4 million in Fiscal Years 2018 and 2017, respectively. The decrease was mainly due to a reduction in school district spending.

Proprietary Funds:

Higher Education Institutions

The net position of the Higher Education Institutions fund decreased from the prior fiscal year by $1,560.6 million, or 66.6 percent, which includes the effect of a negative $631.7 million prior period adjustment related to the implementation of GASB Statement No. 75 – Accounting and Financial Reporting for Other Postemployment Benefits. The higher education fund has a variety of revenue and funding sources, which, overall, were relatively consistent with the prior fiscal year. However, operating revenues increased by $433.3 million mainly due to increases in tuition and fees and sales of goods and services. In addition, federal grants and contacts increased by $66.8 million and other operating revenues increased by $30.1 million. Overall, total operating revenues increased by 7.2 percent while total operating expenses increased by 9.4 percent. The largest increases of operating expenses were related to salaries and fringe benefits ($562.2 million) and operating and travel ($139.3 million). Higher Education Institutions received capital contributions of $139.3 million and $40.4 million in Fiscal Years 2018 and 2017, respectively. Transfers-in to the Higher Education Institutions fund totaled $327.9 million for Fiscal Year 2018, a decrease of $80.7 million compared to the prior fiscal year. Transfers-in are primarily from the General Fund for student financial aid and vocational training and from the Capital Projects Fund for capital construction.

Unemployment Insurance

The net position of the Unemployment Insurance Fund (UI) increased by $156.7 million (17.1 percent). Total operating revenues declined by $89.1 million (13.4 percent) compared to the prior fiscal year, resulting from decreases in unemployment insurance premiums received. Total operating expenditures decreased by $73.7 million (14.2 percent), which relates to decreases in unemployment benefits paid during the year. Colorado statutes require management to adjust unemployment insurance premium tax rates when the fund's cash balance exceeds or is below established thresholds. Statutes were amended in the 2012 special legislative session to allow UI to issue bonds through the Colorado Housing and Finance Authority. UI bonds serve to stabilize insurance premium taxes that employers are required to pay through special assessments. The fund did not report bonds payable liability as of June 30, 2018. The fund's cash and pooled cash balance was $993.1 million, an increase of $185.0 million (22.9 percent) compared to the prior fiscal year.

State Lottery

Including the effect of a $1.0 million decrease to fund balance due to an accounting change, the net position of the State Lottery fund decreased by $10.0 million – a decline of 37.0 percent from the prior fiscal year. Because of the requirement to distribute most of its income, the Lottery's net position is minimal and changes nominally from year to year, except the portion related to pension liabilities. The State Lottery generated operating income of $132.0 million for Fiscal Year 2018, which slightly increased from $127.3 million reported in Fiscal Year 2017. The overall change represents a 3.7 percent increase in operating income. Sales of lottery tickets were $612.0 million in Fiscal Year 2018, which represents an increase of $56.7 million from the prior fiscal year amount of $555.3 million. The Colorado Lottery's overall sales performance for Fiscal Year 2018 increased by 10.2 percent. Overall, operating expenses increased from $428.9 million in Fiscal Year 2017 to $480.9 million in Fiscal Year 2018 ($52.0 million or 12.1 percent). The increase in operating expenses resulted mainly from increases in prize and awards payout along with increases in operating and travel costs.

Healthcare Affordability

During the Fiscal Year 2017 legislative session, the general assembly passed Senate Bill 17-267 – Sustainability of Rural Colorado – which repealed the existing hospital provider fee program effective July 1, 2017 (Fiscal Year 2018). Section 17 of the bill created the new Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) within the Department of Healthcare Policy and Financing. The fund qualifies as a major enterprise fund based on the amount of revenues in the fund related to total revenues of all enterprise funds. As of June 30, 2018, the fund balance was $10.4 million. Revenues of the fund totaled $3,321.0 million, which mainly consists of federal grants and contracts ($2,454.4 million) and sales of goods and services charged to healthcare providers ($866.5 million). Expenditures of the fund totaled $3,294.6 million, which mainly consisted of operating expenses relating to the purchase of medical services. Because CHASE is an enterprise for purposes of the Taxpayer's Bill of Rights (TABOR), its revenue does not count against the state fiscal year spending limit (Referendum C cap).

TABOR Revenue, Debt, and Tax-Increase Limits

Fiscal Year 2018 is the twenty-fifth year of State operations under Article X, Section 20 of the State Constitution revenue limitations, also known as the Taxpayer Bill of Rights (TABOR). With certain exceptions, the rate of growth of State revenues is limited to the combination of the percentage change in the State's population and inflation based on the Denver-Boulder-Greeley CPI-Urban index. The exceptions include revenues from federal funds, gifts, property sales, refunds, damage recoveries, transfers, voter-approved revenue changes, and qualified enterprise fund revenues.

Revenues collected in excess of the limitation must be returned to the citizens unless a vote at the annual election in November allows the State to retain the surplus. In November 2005, voters approved a measure, commonly known as Referendum C, which was referred to the ballot by the legislature. Referendum C authorized the State to retain all revenues in excess of the TABOR limit for the five-year period from Fiscal Year 2006 through Fiscal Year 2010. Referendum C had additional provisions and effects that are discussed below.

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

The TABOR limits are calculated and applied at the statewide level. However, refunds to taxpayers related to TABOR have historically been paid from the General Fund. Therefore, the TABOR revenue, expenditure, debt, and tax-increase limitations have historically been significant factors in the changing fiscal status of the State's General Fund. The original decision to pay TABOR refunds out of the General Fund continues to be important under Referendum C because revenues in excess of the TABOR limit that are recorded by cash funds remain in those funds (barring Legislative action) but are required to be budgeted and expended from the General Fund Exempt Account created in the General Fund by Referendum C.

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

In the first three years of operations under TABOR, the State did not exceed the revenue limitation. In Fiscal Years 1997 through 2001, State revenues exceeded the TABOR limitation by $139.0 million, $563.2 million, $679.6 million, $941.1 million, and $927.2 million, respectively. The economic downturn in Fiscal Years 2002 and 2003 and adjustments for inaccurate population estimates applied in Fiscal Year 2004 precluded TABOR refunds in those years. The State was required to refund $41.1 million in Fiscal Year 2005.

After the Referendum C five-year excess revenue retention period that encompassed Fiscal Year 2006 through Fiscal Year 2010, the State is subject to an Excess State Revenue Cap (ESRC) starting in Fiscal Year 2011. Calculation of the TABOR retention limit continues to apply, but the ESRC replaces it as the limit that triggers taxpayer refunds.

The basis for the ESRC is the highest adjusted TABOR revenue during the five-year excess revenue retention period; the highest adjusted TABOR revenue occurred in Fiscal Year 2008, and the ratchet down provision does not apply to the ESRC.

During the 2017 legislative session, the general assembly passed Senate Bill 17-267, which made changes to the calculation of the ESRC and also revised the TABOR refunding mechanism. Section 11 of the bill permanently reduces the Referendum C cap by reducing the Fiscal Year 2018 cap by $200 million, and specifying that the base amount for calculating the cap for all future state fiscal years is the reduced Fiscal Year 2018. As is the case under current law, the reduced cap is annually adjusted for inflation, the percentage change in state population, the qualification or disqualification of enterprises, and debt service changes. Section 24 of the bill specifies that for any state fiscal year commencing on or after July 1, 2017, for which revenue in excess of the reduced Referendum C cap is required to be refunded in accordance with TABOR, reimbursement for the property tax exemptions for qualifying seniors and disabled veterans that is paid by the state to local governments for the property tax year that commenced during the state fiscal year is a refund of such excess state revenue. The exemptions continue to be allowed at current levels and the state continues to reimburse local governments for local property tax revenue lost as a result of the exemptions regardless of whether or not there are excess state revenues. Section 27 prioritizes the new TABOR refund mechanism ahead of the existing temporary state income tax rate reduction refund mechanism as the first mechanism used to refund excess state revenue

For Fiscal Year 2018, State revenues subject to TABOR were $13,720.9 million, which was $18.5 million over the ESRC, and $2,500.1 million over the fiscal year spending limit. Revenue in excess of the ESRC must be refunded to the taxpayers in the next fiscal year including any remaining un-refunded revenues. Therefore, the total amount to be refunded in the next fiscal year is $39.8 million. Absent Referendum C, the State would have been required to refund the amount exceeding the retention limit. Since the inception of TABOR, total refunds already paid plus the TABOR liability payable as of June 30, 2018 are $3,505.1 million at the end of Fiscal Year 2018.

Additional information on TABOR – including Tax, Spending, and Debt Limitations – is found in Notes to the Financial Statements (Note 2B), and also in the Notes to the TABOR Schedule of Required Computations presented in the Supplementary Information section of the CAFR.

ANALYSIS OF BUDGET VARIANCES

The following analysis is based on the Budgetary Comparison Schedule for the General Fund – General Purpose Revenue Component included in Required Supplementary Information section of the CAFR. That schedule isolates general-purpose revenues and expenditures funded from those revenues, and it is therefore the best source for identifying general-funded budget variances.

Differences Between Original and Final Budgets

The following list shows departments that had net changes in general-funded budgets greater than $5.0 million and the reasons for the change.

- Department of Corrections – the Department had a net increase of $9.1 million primarily comprised of a $8.7 million in increases for payments to in-state private prisons and pre-release parole facilities.

- Department of Education – the Department had a net decrease of $30.7 million resulting from a statutory transfer from the General Fund to the State Public School Fund.

- Department of Health Care Policy and Financing – the Department had a net decrease of $26.8 million mainly due to restrictions in overexpenditures and reversals of Fiscal Year 2017 carryforward items.

- Department of Human Services – the Department had a net increase of $16.0 million from increases in spending authority related to various federal awards.

- Department of Revenue – the Department had a net increase of $130.6 million primarily comprised of statutory retail marijuana retail sales tax transfers to the State Public School Fund and the Marijuana Tax Cash Fund.

Differences Between Final Budget and Actual Expenditures

In total, state departments reported general-funded appropriations reversions of $4.6 million for Merit Pay, $8.9 million for OIT, and $4.6 million for Legislative reversions. In addition, departments reverted $28.7 million to the General Fund for expenditures under the legally adopted final budget. The final budget is presented without reduction for restrictions in order to show the total reversion of appropriated budget. The following list shows those departments that had reversions of at least $1.0 million of General Fund reversions.

- Department of Corrections – the Department reverted $3.2 million, primarily comprised of $2.8 million for payments to local jails.

- Department of Human Services – the Department reverted $3.7 million, primarily consisting of several appropriations including homecare allowances, capitol complex leases and leased space, payments for medical services, contract purchases, community treatment programs and transition services, and prevention and intervention programs.

- Colorado Judicial Branch – the Department reverted $2.6 million, primarily consisting of several appropriations including courthouse capital/infrastructure maintenance, leased space, personal services, and court appointed counsel.

- Department of Revenue – the Department reverted $14.2 million, primarily comprised of $9.4 million for old age pension, $1.1 million for cigarette tax rebates, and $1.5 million for old age heat, fuel and property tax assistance grants.

- Department of Treasury - the Department reverted $2.3 million for reimbursement to county treasurers.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The State's net investment in capital assets at June 30, 2018 was $15,988.4 million, as compared to $21,053.3 million in Fiscal Year 2017. Included in this amount were $18.3 billion of depreciable capital assets after reduction of $12.4 billion for accumulated depreciation. Also included was $3.8 billion of land, construction in progress, and non-depreciable infrastructure and other assets. The State added a net $567.0 million and $940.6 million of capital assets in Fiscal Years 2018 and 2017, respectively. Of the Fiscal Year 2018 additions, $120.0 million was recorded by governmental funds and $447.0 million was recorded by business-type activities. General-purpose revenues funded $92.1 million of capital and controlled maintenance expenditures during Fiscal Year 2018, and the balance of capital asset additions was funded by federal funds, cash funds, or borrowing. The table below provides information on the State's capital assets by asset type for both governmental and business-type activities.

The State's capital assets at June 30, 2018 and 2017, were (see Note 5 for additional detail):

(Amounts in Millions)	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Capital Assets Not Being Depreciated						
Land and Land Improvements	$ 125	$ 124	$ 617	$ 606	$ 742	$ 730
Collections	11	11	29	28	40	39
Other Capital Assets	2	2	15	16	17	18
Construction in Progress	772	926	1,094	1,215	1,866	2,141
Infrastructure	1,004	979	88	57	1,092	1,036
Total Capital Assets Not Being Depreciated	1,914	2,042	1,843	1,922	3,757	3,964
Capital Assets Being Depreciated						
Buildings and Related Improvements	3,446	3,289	10,542	9,726	13,988	13,015
Software	502	482	216	219	718	701
Vehicles and Equipment	987	945	1,201	1,150	2,188	2,095
Library Books, Collections, and Other Capital Assets	44	43	598	581	642	624
Infrastructure	12,181	11,671	1,028	997	13,209	12,668
Total Capital Assets Being Depreciated	17,160	16,430	13,585	12,673	30,745	29,103
Accumulated Depreciation	(6,874)	(6,392)	(5,557)	(5,171)	(12,431)	(11,563)
Total	$ 12,200	$ 12,080	$ 9,871	$ 9,424	$ 22,071	$ 21,504

The State is constitutionally prohibited from issuing general obligation debt except to fund buildings for State use, to defend the State or the U.S. in time of war, or to provide for unforeseen revenue shortfalls. Except for exempt enterprises, TABOR requires a vote of the people for the creation of any debt unless existing cash reserves are irrevocably pledged to service the debt. TABOR does allow debt issuance to refinance a borrowing at a lower interest rate. These requirements limit management's ability to address revenue shortfalls by borrowing for capital expenditures. However, the State has issued Certificates of Participation (COPs) secured by buildings and vehicles and has issued revenue bonds that are secured by pledges of future revenues. In some instances, the debt-financed asset generates the pledged revenue stream; in other instances, such as the Transportation Revenue Anticipation Notes (TRANs), the pledged revenue stream is future federal revenues and State highway users taxes. Through the Colorado Housing and Finance Authority, the Division of Unemployment Insurance, a TABOR designated enterprise, issued bonds to spread the impact of the increased premiums resulting from the recession. The bonds will be repaid through employer insurance premiums collected over the life of the bonds. The State has other forms of borrowing that are small in relation to the revenue bonds and COPs. The schedule that follows shows the principal and interest that will be paid over the following thirty-five year period to retire the current borrowing for capital leases, bonds and COPs (see Note 11). Revenue bonds in this schedule include net payments on interest rate swap derivatives.

For Fiscal Year 2018, the total principal amount of capital leases, revenue bonds, and COPs was 37.7 percent of noncapital assets, as compared to 39.1 percent in the prior year. This percentage declined because noncapital assets increased 11.0 percent while the principal amount of capital leases, revenue bonds, and COPs slightly increased. The Fiscal Year 2018 increase in governmental activities was related to a new issuance of Building Excellent

Schools Today COPs in July 2017. Business-type activities increased primarily due to additional financing of capital projects by Higher Education Institutions.

Fiscal Year 2018

(Amounts in Millions)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 131.9	$ 15.2	$ -	$ -	$1,426.3	$ 798.1	$1,558.2	$ 813.3
Business-Type Activities	48.2	7.6	4,602.9	2,767.6	461.5	140.3	$5,112.6	$2,915.5
Total	$ 180.1	$ 22.8	$4,602.9	$2,767.6	$1,887.8	$ 938.4	$6,670.8	$3,728.8

Fiscal Year 2017

(Amounts in Millions)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 142.2	$ 14.9	$ -	$ -	$1,302.4	$ 717.7	$1,444.6	$ 732.6
Business-Type Activities	49.9	8.4	4,391.1	2,944.0	346.8	94.4	$4,787.8	$3,046.8
Total	$ 192.1	$ 23.3	$4,391.1	$2,944.0	$1,649.2	$ 812.1	$6,232.4	$3,779.4

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

Many of the conditions affecting future operations of the State remain unchanged from the prior fiscal year. These conditions are as follows:

- Newly Created TABOR-Exempt Enterprise – The Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) was created within the Department of Health Care Policy and Financing. CHASE is responsible for the collection of the new Healthcare Affordability and Sustainability Fee, which replaces the Hospital Provider Fee. Because CHASE is an enterprise for purposes of the Taxpayer's Bill of Rights (TABOR), its revenue does not count against the state Fiscal year spending limit (Referendum C cap) beginning in Fiscal Year 2018.

- Public Employees Retirement Association Reforms – The State Legislature passed – and the governor signed – Senate Bill 18-200 during the 2018 legislative session. Senate Bill 18-200 contained a package of reforms designed to reduce the overall risk profile of the PERA retirement plan and improve its funded status. The bill makes several changes to the pension plan including increases in contributions from employers and employees; allocates $225 million each year to PERA to reduce the unfunded liability; modifies retirement benefits, including reducing the annual increase for all current and future retirees; raises the retirement age for new employees; and establishes an automatic adjustment provision designed to keep PERA on a path to full funding in 30 years by 2048.

- Changes in Other Post-Employment Benefits (OPEB) Reporting – GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, became effective beginning in Fiscal Year 2018. The standards require, for purposes of governmental financial reporting, the State to recognize a liability for its proportionate share of the net OPEB liability (of all employers for benefits provided through the OPEB plan) — the collective net OPEB liability. The State also recognizes OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. See Note 7 for additional disclosures related to OPEB.

- Election 2000 Amendment 23 – This constitutional requirement was originally designed to exempt a portion of State revenues from TABOR and dedicate those revenues to education programs. With the passage of Referendum C, revenues in excess of the TABOR limit are not being refunded. However, resources that were once general-purpose revenues continue to be diverted to the State Education Fund. The amendment requires the General Assembly to increase funding of education by one percent over inflation through Fiscal Year 2011 and by inflation thereafter. This requirement will have an increasing impact if the inflation rate increases. The revenue diversion and mandated expenditure growth infringes on general funding for other programs when State revenues decline with the business cycle. Notwithstanding these expenditure increases, the State continues to face legal challenges that assert the current school funding system fails to provide a thorough and uniform system of free public education as required by the Colorado Constitution.

- Cash Basis Accounting – For Fiscal Year 2003 and following years, the Legislature changed the budgetary accounting for June payroll and certain Medicaid expenditures to the cash basis and deferred June pay-dates until July (after Fiscal Year-end). During Fiscal Year 2008, similar treatment was extended to certain Old Age Pension, Medicare, and Children's Basic Health Plan expenditures. In Fiscal Year 2009, this treatment was applied to an additional month of Medicare payments, and legislation was passed to extend the pay-date shift beginning in Fiscal Year 2011 to all information technology staff formerly paid by the General Purpose Revenue Fund. Each of these items causes the outflow of resources to be deferred into the following year for General Fund budget purposes. As a result, the State does not use full or modified accrual accounting to calculate budgetary compliance. Instead, potentially significant liabilities are delayed until the following year assuming that subsequent revenues will be adequate to pay those liabilities. In Fiscal Year 2012, legislation was passed to eliminate the deferral of June pay dates until July for employees paid on a biweekly basis beginning in Fiscal Year 2013. Departures from generally accepted accounting principles (GAAP) such as this could adversely affect the State's credit rating. It will be difficult for the State to return to the GAAP basis of accounting for budgetary expenditures because of the significant one-time budgetary impact of recording payroll, Medicaid, and other expenditures that were previously deferred.

- General Fund Liquidity – The General Purpose Revenue Fund shows a cash balance of $538.9 million at June 30, 2018, providing apparent liquidity. The General Purpose Revenue Fund taxes receivable increased by $81.4 million to $1,590.9 million, tax refunds payable increased by $52.5 million to $890.3 million, and deferred inflows related to the tax receivables that are not expected to be collected within the next year decreased by $39.2 million to $184.8 million. The tax receivable and related refunds are based on the best economic data available at year-end; however, economic projections rarely identify inflection points in the economy. If the State's economy experiences another downturn, tax receivables will likely decline (due to declining personal income) and tax refunds will likely increase (due to higher than required estimated tax and withholding payments) putting additional pressure on the fund balance of the General Purpose Revenue Fund. The General Fund legally has access to short-term borrowing from the cash balances of other funds. However, those transfers become increasingly difficult as accessible cash fund balances are depleted from transfers in prior years.

- Debt Service – In Fiscal Year 2011, the Bridge Enterprise within the Department of Transportation issued $300.0 million of enterprise fund revenue bonds to be paid from fees. Debt service over the next five years averages $18.2 million for interest. Principal payments will start in Fiscal Year 2025. Also, in previous years, the State entered into lease purchase agreements for all or a portion of various construction projects including the Ralph L. Carr Justice Center, the Colorado History Center, a prison, a hospital building, a number of school buildings in local school districts, and the office consolidation at the Department of Agriculture. The average debt service over the next five years is $91.4 million for these lease purchase agreements. The majority of the revenue streams to cover the debt service payments comprise cash sources, as there is no general obligation associated with these lease purchases and the investors' sole recourse is the leased asset. However, if the revenue streams intended to fund this debt service do not materialize, the State will need to find other ways to pay for the service-potential represented by these capital assets.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 3,107,217	$ 3,093,539	$ 6,200,756	$ 261,727
Investments	-	1,827,559	1,827,559	-
Taxes Receivable, net	1,476,297	111,099	1,587,396	-
Contributions Receivable, net	-	-	-	69,043
Other Receivables, net	654,761	601,666	1,256,427	84,847
Due From Other Governments	754,910	145,051	899,961	1,724
Internal Balances	38,459	(38,459)	-	-
Due From Component Units	18	16,174	16,192	-
Inventories	52,102	54,944	107,046	-
Prepaids, Advances and Deposits	84,277	29,020	113,297	811
Assets Held for Disposition	-	-	-	9,360
Total Current Assets	6,168,041	5,840,593	12,008,634	427,512
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,589,926	284,025	1,873,951	120,217
Restricted Investments	847,587	106,798	954,385	99,059
Restricted Receivables	633,173	35,362	668,535	1,529
Investments	449,308	995,987	1,445,295	2,845,245
Contributions Receivable, net	-	-	-	194,279
Other Long-Term Assets	613,249	130,529	743,778	919,558
Depreciable Capital Assets and Infrastructure, net	10,242,384	8,028,339	18,270,723	163,794
Land and Nondepreciable Capital Assets	1,914,285	1,843,135	3,757,420	28,911
Capital Assets Held as Investments	42,896	-	42,896	-
Total Noncurrent Assets	16,332,808	11,424,175	27,756,983	4,372,592
TOTAL ASSETS	22,500,849	17,264,768	39,765,617	4,800,104
DEFERRED OUTFLOW OF RESOURCES:	2,563,034	1,750,279	4,313,313	5,980
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	918,688	-	918,688	-
Accounts Payable and Accrued Liabilities	1,369,262	592,545	1,961,807	20,013
TABOR Refund Liability (Note 2B)	39,837	-	39,837	-
Due To Other Governments	306,883	64,474	371,357	850
Due To Component Units	-	44	44	-
Unearned Revenue	185,677	345,734	531,411	-
Accrued Compensated Absences	12,758	26,203	38,961	-
Claims and Judgments Payable	42,812	-	42,812	-
Leases Payable	25,789	6,529	32,318	-
Notes, Bonds, and COPs Payable	55,515	154,053	209,568	40,105
Other Current Liabilities	22,837	191,660	214,497	141,268
Total Current Liabilities	2,980,058	1,381,242	4,361,300	202,236
Noncurrent Liabilities:				
Deposits Held In Custody For Others	136	20	156	470,264
Accrued Compensated Absences	162,645	339,007	501,652	-
Claims and Judgments Payable	180,865	35,505	216,370	-
Capital Lease Payable	106,084	41,623	147,707	-
Derivative Instrument Liability	-	6,837	6,837	-
Notes, Bonds, and COPs Payable	1,379,778	4,970,288	6,350,066	500,986
Due to Component Units	-	1,692	1,692	-
Net Pension Liability	11,933,852	7,448,575	19,382,427	7,242
Other Postemployment Benefits	272,038	938,450	1,210,488	-
Other Long-Term Liabilities	457,567	59,956	517,523	88,482
Total Noncurrent Liabilities	14,492,965	13,841,953	28,334,918	1,066,974
TOTAL LIABILITIES	17,473,023	15,223,195	32,696,218	1,269,210
DEFERRED INFLOW OF RESOURCES:	560,903	620,945	1,181,848	188
NET POSITION:				
Net investment in Capital Assets:	10,879,491	5,108,898	15,988,389	192,705
Restricted for:				
Construction and Highway Maintenance	885,775	-	885,775	-
Education	295,468	470,363	765,831	-
Unemployment Insurance	-	1,070,082	1,070,082	-
Debt Service	91,950	219,248	311,198	-
Emergencies	201,166	34,000	235,166	-
Permanent Funds and Endowments:				
Expendable	8,267	173,406	181,673	1,380,102
Nonexpendable	1,087,000	84,480	1,171,480	1,105,978
Other Purposes	831,995	65,961	897,956	713,649
Unrestricted	(7,251,155)	(4,055,531)	(11,306,686)	144,252
TOTAL NET POSITION	$ 7,029,957	$ 3,170,907	$ 10,200,864	$ 3,536,686

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	Expenses		Program Revenues		
Functions/Programs	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 762,369	$ (22,497)	$ 202,329	$ 201,225	$ 3,300
Business, Community, and Consumer Affairs	910,079	2,416	163,273	263,749	-
Education	6,084,783	1,790	24,102	605,005	-
Health and Rehabilitation	1,257,009	1,436	81,158	450,194	-
Justice	3,249,435	4,720	209,962	138,551	1,863
Natural Resources	218,676	983	152,561	54,939	-
Social Assistance	8,806,034	4,681	136,199	4,712,776	-
Transportation	2,177,659	1,640	480,392	201,318	740,334
Interest on Debt	60,778	-	-	-	-
Total Governmental Activities	23,526,822	(4,831)	1,449,976	6,627,757	745,497
Business-Type Activities:					
Higher Education	8,609,113	3,083	5,000,193	2,213,644	92,593
Healthcare Affordability	3,294,611	-	866,565	2,454,705	-
Unemployment Insurance	443,529	652	565,551	35,386	-
Lottery	547,297	508	612,893	382	-
Parks and Wildlife	293,942	123	164,088	39,244	(3,051)
College Assist	246,896	465	-	270,228	-
Other Business-Type Activities	301,094	-	304,952	69,066	-
Total Business-Type Activities	13,736,482	4,831	7,514,242	5,082,655	89,542
Total Primary Government	37,263,304	-	8,964,218	11,710,412	835,039
Component Units:					
University of Colorado Hospital Authority					
Colorado Water Resources and Power Development Authority	38,997	-	27,105	35,051	-
University of Colorado Foundation	193,223	-	-	344,062	-
Colorado State University Foundation	125,101	-	-	84,155	-
Colorado School of Mines Foundation	31,778	-	1,900	35,408	-
University of Northern Colorado Foundation	15,313	-	-	25,458	-
Other Component Units	17,560	-	17,295	57	4,161
Total Component Units	$ 421,972	$ -	$ 46,300	$ 524,191	$ 4,161

General Revenues:
Taxes:
Sales and Use Taxes
Excise Taxes
Individual Income Tax
Corporate Income Tax
Other Taxes
Restricted for Education:
Individual Income Tax
Corporate and Fiduciary Income Tax
Other Taxes
Restricted for Transportation:
Fuel Taxes
Other Taxes
Unrestricted Investment Earnings (Losses)
Other General Revenues
(Transfers-Out) / Transfers-In
Internal Capital Contributions
Permanent Fund Additions
Total General Revenues, Special Items, and Transfers

Change in Net Position

Net Position - Fiscal Year Beginning
Prior Period Adjustment (See Note 15A)
Accounting Changes (See Note 15B)
Net Position - Fiscal Year Ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (333,018)	$ -	$ (333,018)	
(485,473)	-	(485,473)	
(5,457,466)	-	(5,457,466)	
(727,093)	-	(727,093)	
(2,903,779)	-	(2,903,779)	
(12,159)	-	(12,159)	
(3,961,740)	-	(3,961,740)	
(757,255)	-	(757,255)	
(60,778)	-	(60,778)	
(14,698,761)	-	(14,698,761)	
-	(1,305,766)	(1,305,766)	
-	26,659	26,659	
-	156,756	156,756	
-	65,470	65,470	
-	(93,784)	(93,784)	
-	22,867	22,867	
-	72,924	72,924	
-	(1,054,874)	(1,054,874)	
(14,698,761)	(1,054,874)	(15,753,635)	
			23,159
			150,839
			(40,946)
			5,530
			10,145
			3,953
			152,680
3,449,844	-	3,449,844	-
311,625	-	311,625	-
6,978,833	-	6,978,833	-
714,313	-	714,313	-
577,961	-	577,961	-
568,601	-	568,601	-
48,399	-	48,399	-
-	-	-	-
656,119	-	656,119	-
363	-	363	-
21,798	-	21,798	65,715
199,934	-	199,934	-
(254,324)	254,324	-	-
44	51,439	51,483	-
277	-	277	-
13,273,787	305,763	13,579,550	65,715
(1,424,974)	(749,111)	(2,174,085)	218,395
8,707,037	4,570,333	13,277,370	3,380,463
8,583	-	8,583	(62,172)
(260,689)	(650,315)	(911,004)	-
$ 7,029,957	$ 3,170,907	$ 10,200,864	$ 3,536,686

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX
ASSETS:			
Cash and Pooled Cash	$ 884,767	$ 683,727	$ 66,445
Taxes Receivable, net	1,590,856	22,083	1,932
Other Receivables, net	526,182	23,866	1,985
Due From Other Governments	682,968	25,583	-
Due From Other Funds	54,343	16,456	2,043
Due From Component Units	18	-	-
Inventories	7,975	34,908	8,281
Prepaids, Advances and Deposits	38,167	13,198	3,729
Restricted Assets:			
Restricted Cash and Pooled Cash	410,366	108,688	545,255
Restricted Investments	-	-	5,466
Restricted Receivables	4,303	-	628,870
Investments	184,252	-	-
Other Long-Term Assets	2,872	370,034	15,154
Capital Assets Held as Investments	-	-	-
TOTAL ASSETS	$ 4,387,069	$ 1,298,543	$ 1,279,160
DEFERRED OUTFLOW OF RESOURCES:	-	-	-
LIABILITIES:			
Tax Refunds Payable	$ 890,332	28,164	$ -
Accounts Payable and Accrued Liabilities	945,177	13,858	241,608
TABOR Refund Liability (Note 2B)	39,837	-	-
Due To Other Governments	205,253	36,525	38,934
Due To Other Funds	24,332	342	623
Unearned Revenue	74,642	5,548	44,493
Claims and Judgments Payable	312	-	34
Other Current Liabilities	14,392	-	30
Deposits Held In Custody For Others	2	-	-
TOTAL LIABILITIES	2,194,279	84,437	325,722
DEFERRED INFLOW OF RESOURCES:	186,038	801	1,239
FUND BALANCES:			
Nonspendable:			
Long-term Portion of Interfund Loans Receivable	-	12	-
Inventories	7,975	34,908	8,281
Permanent Fund Principal	-	-	-
Prepaids	38,173	13,198	3,729
Restricted	626,068	78,987	882,113
Committed	970,235	1,086,200	58,076
Assigned	29,641	-	-
Unassigned	334,660	-	-
TOTAL FUND BALANCES	2,006,752	1,213,305	952,199
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,387,069	$ 1,298,543	$ 1,279,160

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ 202,909	$ -	$ 1,211,264	$ 3,049,112
-	-	49,517	1,664,388
324	-	83,900	636,257
1,518	-	44,768	754,837
143	-	22,429	95,414
-	-	-	18
-	-	263	51,427
242	-	24,946	80,282
-	218,560	307,057	1,589,926
-	-	842,121	847,587
-	-	-	633,173
2,730	-	262,326	449,308
25	-	36,172	424,257
-	-	112,046	112,046
$ 207,891	$ 218,560	$ 2,996,809	$ 10,388,032
-	-	734	734
$ -	$ -	$ 192	$ 918,688
9,043	12,643	102,404	1,324,733
-	-	-	39,837
-	-	26,171	306,883
37	-	31,893	57,227
-	-	59,830	184,513
-	-	113	459
167	-	3,113	17,702
-	-	134	136
9,247	12,643	223,850	2,850,178
-	-	1,146	189,224
-	-	-	12
-	-	263	51,427
-	-	1,186,138	1,186,138
242	-	24,947	80,289
5	205,917	231,219	2,024,309
198,397	-	1,329,980	3,642,888
-	-	-	29,641
-	-	-	334,660
198,644	205,917	2,772,547	7,349,364
$ 207,891	$ 218,560	$ 2,997,543	$ 10,388,766

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET POSITION
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET POSITION TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 3,049,112	$ 58,099	$ -	$ -	$ -	$ 6	$ -	$ 3,107,217
Taxes Receivable, net	1,664,388	-	-	-	-	(188,091)	-	1,476,297
Other Receivables, net	636,257	1,115	-	-	-	17,389	-	654,761
Due From Other Governments	754,837	73	-	-	-	-	-	754,910
Due From Other Funds	95,414	233	-	-	-	-	(95,647)	-
Internal Balances	-	-	-	-	-	-	38,459	38,459
Due From Component Units	18	-	-	-	-	-	-	18
Inventories	51,427	675	-	-	-	-	-	52,102
Prepaids, Advances and Deposits	80,282	3,995	-	-	-	-	-	84,277
Total Current Assets	6,331,735	64,190	-	-	-	(170,696)	(57,188)	6,168,041
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,589,926	-	-	-	-	-	-	1,589,926
Restricted Investments	847,587	-	-	-	-	-	-	847,587
Restricted Receivables	633,173	-	-	-	-	-	-	633,173
Investments	449,308	-	-	-	-	-	-	449,308
Other Long-Term Assets	424,257	-	-	-	-	188,992	-	613,249
Depreciable Capital Assets and Infrastructure, net	-	134,520	10,107,864	-	-	-	-	10,242,384
Land and Nondepreciable Capital Assets	-	819	1,913,466	-	-	-	-	1,914,285
Capital Assets Held as Investments	112,046	-	(69,150)	-	-	-	-	42,896
Total Noncurrent Assets	4,056,297	135,339	11,952,180	-	-	188,992	-	16,332,808
TOTAL ASSETS	10,388,032	199,529	11,952,180	-	-	18,296	(57,188)	22,500,849
DEFERRED OUTFLOW OF RESOURCES:	734	153,522	-	2,408,778	-	-	-	2,563,034
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	918,688	-	-	-	-	-	-	918,688
Accounts Payable and Accrued Liabilities	1,324,733	37,760	-	6,725	-	-	44	1,369,262
TABOR Refund Liability (Note 2B)	39,837	-	-	-	-	-	-	39,837
Due To Other Governments	306,883	-	-	-	-	-	-	306,883
Due To Other Funds	57,227	5	-	-	-	-	(57,232)	-
Unearned Revenue	184,513	1,301	-	-	-	(137)	-	185,677
Compensated Absences Payable	-	1,238	-	-	-	11,520	-	12,758
Claims and Judgments Payable	459	-	-	-	34,351	8,002	-	42,812
Leases Payable	-	21,366	-	4,423	-	-	-	25,789
Notes, Bonds, and COPs Payable	-	-	-	55,515	-	-	-	55,515
Other Current Liabilities	17,702	187	-	-	-	4,948	-	22,837
Total Current Liabilities	2,850,042	61,857	-	66,663	34,351	24,333	(57,188)	2,980,058
Noncurrent Liabilities:								
Deposits Held In Custody For Others	136	-	-	-	-	-	-	136
Accrued Compensated Absences	-	9,712	-	-	-	152,933	-	162,645
Claims and Judgments Payable	-	-	-	-	114,957	65,908	-	180,865
Capital Lease Payable	-	77,209	-	28,875	-	-	-	106,084
Notes, Bonds, and COPs Payable	-	-	-	1,379,778	-	-	-	1,379,778
Net Pension Liability	-	712,578	-	-	-	11,221,274	-	11,933,852
Other Postemployment Benefits	-	15,542	-	-	-	256,496	-	272,038
Other Long-Term Liabilities	-	-	-	-	-	457,567	-	457,567
Total Noncurrent Liabilities	136	815,041	-	1,408,653	114,957	12,154,178	-	14,492,965
TOTAL LIABILITIES	2,850,178	876,898	-	1,475,316	149,308	12,178,511	(57,188)	17,473,023
DEFERRED INFLOW OF RESOURCES:	189,224	30,259	-	-	-	341,420	-	560,903
NET POSITION:								
Net investment in Capital Assets:	112,038	36,763	11,952,180	(1,221,490)	-	-	-	10,879,491
Restricted for:								
Construction and Highway Maintenance	885,774	-	-	1	-	-	-	885,775
Education	295,468	-	-	-	-	-	-	295,468
Unemployment Insurance	-	-	-	-	-	-	-	-
Debt Service	91,950	-	-	-	-	-	-	91,950
Emergencies	201,166	-	-	-	-	-	-	201,166
Permanent Funds and Endowments:								
Expendable	8,267	-	-	-	-	-	-	8,267
Nonexpendable	1,087,000	-	-	-	-	-	-	1,087,000
Other Purposes	831,995	-	-	-	-	-	-	831,995
Unrestricted	3,835,706	(590,869)	-	2,154,951	(149,308)	(12,501,635)	-	(7,251,155)
TOTAL NET POSITION	$ 7,349,364	$ (554,106)	$ 11,952,180	$ 933,462	$ (149,308)	$ (12,501,635)	$ -	$ 7,029,957

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

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

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

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

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

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

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

(E) Other measurement focus adjustments include:

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX
REVENUES:			
Taxes:			
Individual and Fiduciary Income	$ 7,006,031	$ -	$ -
Corporate Income	736,022	-	-
Sales and Use	3,404,111	-	-
Excise	97,470	-	656,121
Other Taxes	304,168	132,827	363
Licenses, Permits, and Fines	19,996	2,377	409,332
Charges for Goods and Services	75,644	10,491	141,503
Rents	300	3	3,259
Investment Income (Loss)	18,721	15,261	754
Federal Grants and Contracts	5,941,158	138,512	769,476
Additions to Permanent Funds	-	-	-
Unclaimed Property Receipts	-	-	-
Other	183,158	7,710	171,232
TOTAL REVENUES	17,786,779	307,181	2,152,040
EXPENDITURES:			
Current:			
General Government	241,239	-	67,930
Business, Community, and Consumer Affairs	166,185	7,608	-
Education	745,233	-	-
Health and Rehabilitation	646,074	527	10,652
Justice	1,472,539	-	134,754
Natural Resources	41,199	72,311	-
Social Assistance	7,337,964	-	-
Transportation	-	-	1,344,667
Capital Outlay	41,901	12,665	129,062
Intergovernmental:			
Cities	99,847	50,048	253,012
Counties	1,361,370	69,501	235,832
School Districts	4,678,726	1,692	-
Special Districts	64,166	17,564	61,071
Federal	69	1,148	16
Other	27,332	4,436	2,728
Debt Service	71,778	12	-
TOTAL EXPENDITURES	16,995,622	237,512	2,239,724
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	791,157	69,669	(87,684)
OTHER FINANCING SOURCES (USES):			
Transfers-In	4,792,365	38,118	85,176
Transfers-Out	(4,916,238)	(136,345)	(26,616)
Face Amount of Bond/COP Issuance	156,305	-	-
Bond/COP Premium/Discount	21,344	-	-
Capital Lease Proceeds	4,322	-	-
Sale of Capital Assets	-	-	-
Insurance Recoveries	3,479	-	603
TOTAL OTHER FINANCING SOURCES (USES)	61,577	(98,227)	59,163
NET CHANGE IN FUND BALANCES	852,734	(28,558)	(28,521)
FUND BALANCE, FISCAL YEAR BEGINNING	1,154,018	1,241,863	980,720
Prior Period Adjustment (See Note 15A)	-	-	-
FUND BALANCE, FISCAL YEAR END	$ 2,006,752	$ 1,213,305	$ 952,199

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

CAPITAL PROJECTS	STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	TOTAL
$ -	$ 571,127	$ -	$ 7,577,158
-	45,874	-	781,896
-	-	42,921	3,447,032
-	-	214,420	968,011
1,014	-	176,378	614,750
-	-	507,895	939,600
7	-	135,135	362,780
-	-	143,748	147,310
3,961	82	2,321	41,100
18,395	-	179,159	7,046,700
-	-	277	277
-	-	77,923	77,923
4	100	35,240	397,444
23,381	617,183	1,515,417	22,401,981
39,287	-	32,678	381,134
1,004	-	305,283	480,080
2,576	48,071	35,979	831,859
(649)	-	121,696	778,300
7,105	-	193,547	1,807,945
-	-	14,020	127,530
1,047	-	233,373	7,572,384
-	-	2,865	1,347,532
76,473	-	11,958	272,059
-	-	68,160	471,067
-	-	92,463	1,759,166
-	438,580	52,006	5,171,004
-	-	8,747	151,548
-	-	95	1,328
-	-	56,986	91,482
-	-	55,979	127,769
126,843	486,651	1,285,835	21,372,187
(103,462)	130,532	229,582	1,029,794
118,681	25,322	386,987	5,446,649
(65,759)	(52,068)	(490,996)	(5,688,022)
-	-	-	156,305
-	-	-	21,344
-	-	-	4,322
-	-	9,819	9,819
2,760	-	508	7,350
55,682	(26,746)	(93,682)	(42,233)
(47,780)	103,786	135,900	987,561
248,124	102,131	2,636,647	6,363,503
(1,700)	-	-	(1,700)
$ 198,644	$ 205,917	$ 2,772,547	$ 7,349,364

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL RELATED ITEMS	(C) LONG-TERM DEBT TRANSACTIONS	(D) OTHER MEASUREMENT FOCUS ADJUSTMENTS	STATEMENT OF ACTIVITIES TOTALS
REVENUES:						
Taxes:						
Individual and Fiduciary Income	$ 7,577,158	$ -	$ -	$ -	$ (27,199)	$ 7,549,959
Corporate Income	781,896	-	-	-	(21,709)	760,187
Sales and Use	3,447,032	-	-	-	2,812	3,449,844
Excise	968,011	-	-	-	(265)	967,746
Other Taxes	614,750	-	-	-	(2,178)	612,572
Licenses, Permits, and Fines	939,600	-	-	-	143	939,743
Charges for Goods and Services	362,780	-	-	-	(5)	362,775
Rents	147,310	-	-	-	-	147,310
Investment Income (Loss)	41,100	(334)	-	-	(368)	40,398
Federal Grants and Contracts	7,046,700	-	-	-	-	7,046,700
Additions to Permanent Funds	277	-	-	-	-	277
Unclaimed Property Receipts	77,923	-	-	-	-	77,923
Other	397,444	-	-	-	(818)	396,626
TOTAL REVENUES	22,401,981	(334)	-	-	(49,587)	22,352,060
EXPENDITURES:						
Current:						
General Government	381,134	20,699	22,162	-	153,009	577,004
Business, Community, and Consumer Affairs	480,080	21,366	2,292	-	134,976	638,714
Education	831,859	993	36,567	-	69,577	938,996
Health and Rehabilitation	778,300	6,584	49,045	-	301,359	1,135,288
Justice	1,807,945	15,958	50,502	-	1,119,799	2,994,204
Natural Resources	127,530	8,507	2,268	-	51,489	189,794
Social Assistance	7,572,384	44,226	23,398	-	116,676	7,756,684
Transportation	1,347,532	8,464	358,945	-	238,827	1,953,768
Capital Outlay	272,059	-	(637,777)	-	-	(365,718)
Intergovernmental:						
Cities	471,067	-	-	-	-	471,067
Counties	1,759,166	-	-	-	-	1,759,166
School Districts	5,171,004	-	-	-	-	5,171,004
Special Districts	151,548	-	-	-	-	151,548
Federal	1,328	-	-	-	-	1,328
Other	91,482	-	-	-	-	91,482
Debt Service	127,769	2,231	-	(69,611)	-	60,389
TOTAL EXPENDITURES	21,372,187	129,028	(92,598)	(69,611)	2,185,712	23,524,718
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,029,794	(129,362)	92,598	69,611	(2,235,299)	(1,172,658)
OTHER FINANCING SOURCES (USES):						
Transfers-In	5,446,649	1,732	-	-	-	5,448,381
Transfers-Out	(5,688,022)	(7,235)	-	-	-	(5,695,257)
Face Amount of Bond/COP Issuance	156,305	-	-	(156,305)	-	-
Bond/COP Premium/Discount	21,344	-	-	(19,567)	-	1,777
Capital Lease Proceeds	4,322	-	-	(4,322)	-	-
Sale of Capital Assets	9,819	-	(21,054)	-	-	(11,235)
Insurance Recoveries	7,350	-	-	-	-	7,350
TOTAL OTHER FINANCING SOURCES (USES)	(42,233)	(5,503)	(21,054)	(180,194)	-	(248,984)
Internal Service Fund Charges to BTAs	-	(3,332)	-	-	-	(3,332)
NET CHANGE FOR THE YEAR	987,561	(138,197)	71,544	(110,583)	(2,235,299)	(1,424,974)
Prior Period Adjustment (See Note 15A)	(1,700)	-	10,283	-	-	8,583
Accounting Changes (See Note 15B)	-	-	-	-	(260,689)	(260,689)
TOTAL CHANGE FOR THE CURRENT YEAR	$ 985,861	$ (138,197)	$ 81,827	$ (110,583)	$ (2,495,988)	$ (1,677,080)

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

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

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

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

(B) The following adjustments relate to capital assets:

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

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

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

(D) Other measurement focus adjustments include:

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	STATE LOTTERY	HEALTHCARE AFFORDABILITY
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 1,359,729	$ 993,062	$ 47,066	$ 31,462
Investments	1,827,326	-	-	-
Premiums Receivable, net	-	110,809	-	-
Student and Other Receivables, net	530,670	2,612	22,186	16,364
Due From Other Governments	100,312	5,832	-	22,132
Due From Other Funds	6,088	-	-	-
Due From Component Units	16,174	-	-	-
Inventories	40,294	-	1,870	-
Prepaids, Advances and Deposits	20,887	-	4,813	-
Total Current Assets	3,901,480	1,112,315	75,935	69,958
Noncurrent Assets:				
Restricted Cash and Pooled Cash	203,591	-	-	-
Restricted Investments	106,798	-	-	-
Restricted Receivables	-	-	-	-
Investments	964,354	-	-	-
Other Long-Term Assets	128,542	-	-	-
Depreciable Capital Assets and Infrastructure, net	6,902,285	5,417	285	-
Land and Nondepreciable Capital Assets	959,240	-	-	-
Total Noncurrent Assets	9,264,810	5,417	285	-
TOTAL ASSETS	13,166,290	1,117,732	76,220	69,958
DEFERRED OUTFLOW OF RESOURCES:	1,563,840	6,486	9,812	8,210
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	466,892	2,771	5,574	11,882
Due To Other Governments	-	1	5	33,097
Due To Other Funds	1,863	-	30,464	9,135
Due To Component Units	44	-	-	-
Unearned Revenue	292,908	-	-	-
Compensated Absences Payable	24,914	-	3	2
Leases Payable	6,104	-	-	-
Notes, Bonds, and COPs Payable	153,523	-	-	-
Other Current Liabilities	135,341	17,061	37,235	-
Total Current Liabilities	1,081,589	19,833	73,281	54,116
Noncurrent Liabilities:				
Due to Other Funds	-	-	-	-
Deposits Held In Custody For Others	-	-	-	-
Accrued Compensated Absences	325,389	-	784	18
Claims and Judgments Payable	35,505	-	-	-
Capital Lease Payable	38,713	-	-	-
Derivative Instrument Liability	6,837	-	-	-
Notes, Bonds, and COPs Payable	4,443,586	-	-	-
Due to Component Units	1,692	-	-	-
Net Pension Liability	6,602,204	25,584	45,852	13,135
Other Postemployment Benefits	919,613	581	1,067	-
Other Long-Term Liabilities	59,929	-	27	-
Total Noncurrent Liabilities	12,433,468	26,165	47,730	13,153
TOTAL LIABILITIES	13,515,057	45,998	121,011	67,269
DEFERRED INFLOW OF RESOURCES:	433,083	2,721	2,183	497
NET POSITION:				
Net investment in Capital Assets:	3,638,989	5,417	285	-
Restricted for:				
Education	470,363	-	-	-
Unemployment Insurance	-	1,070,082	-	-
Debt Service	176,332	-	-	-
Emergencies	-	-	-	-
Permanent Funds and Endowments:				
Expendable	173,406	-	-	-
Nonexpendable	84,480	-	-	-
Other Purposes	-	-	-	-
Unrestricted	(3,761,580)	-	(37,447)	10,402
TOTAL NET POSITION	$ 781,990	$ 1,075,499	$ (37,162)	$ 10,402

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

		GOVERNMENTAL ACTIVITIES
OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ 662,220	$ 3,093,539	$ 58,099
233	1,827,559	-
290	111,099	-
29,774	601,606	1,115
16,775	145,051	73
3,817	9,905	233
-	16,174	-
12,780	54,944	675
3,320	29,020	3,995
729,209	5,888,897	64,190
80,434	284,025	-
-	106,798	-
35,362	35,362	-
31,633	995,987	-
1,987	130,529	-
1,120,352	8,028,339	134,520
883,895	1,843,135	819
2,153,663	11,424,175	135,339
2,882,872	17,313,072	199,529
161,931	1,750,279	153,522
83,654	570,773	37,760
31,371	64,474	-
10,763	52,225	5
-	44	-
52,826	345,734	1,301
1,284	26,203	1,238
425	6,529	21,366
530	154,053	-
2,023	191,660	187
182,876	1,411,695	61,857
17,851	17,851	-
20	20	-
12,816	339,007	9,712
-	35,505	-
2,910	41,623	77,209
-	6,837	-
526,702	4,970,288	-
-	1,692	-
761,800	7,448,575	712,578
17,189	938,450	15,542
-	59,956	-
1,339,288	13,859,804	815,041
1,522,164	15,271,499	876,898
182,461	620,945	30,259
1,464,207	5,108,898	36,763
-	470,363	-
-	1,070,082	-
42,916	219,248	-
34,000	34,000	-
-	173,406	-
-	84,480	-
65,961	65,961	-
(266,906)	(4,055,531)	(590,869)
$ 1,340,178	$ 3,170,907	$ (554,106)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			
	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	STATE LOTTERY	HEALTHCARE AFFORDABILITY
OPERATING REVENUES:				
Unemployment Insurance Premiums	$ -	$ 562,095	$ -	$ -
License and Permits	-	100	63	-
Tuition and Fees	3,043,922	-	-	-
Scholarship Allowance for Tuition and Fees	(653,596)	-	-	-
Sales of Goods and Services	2,456,718	-	611,993	866,533
Scholarship Allowance for Sales of Goods & Services	(25,756)	-	-	-
Investment Income (Loss)	1,148	-	-	-
Rental Income	16,195	-	-	-
Gifts and Donations	44,442	-	-	-
Federal Grants and Contracts	1,111,009	15,388	-	2,454,413
Intergovernmental Revenue	6,826	-	-	-
Other	436,689	60	838	31
TOTAL OPERATING REVENUES	6,437,597	577,643	612,894	3,320,977
OPERATING EXPENSES:				
Salaries and Fringe Benefits	6,070,856	14,120	19,260	41,330
Operating and Travel	1,672,764	426,976	63,924	3,239,075
Cost of Goods Sold	139,857	-	14,017	-
Depreciation and Amortization	434,552	2,379	176	-
Intergovernmental Distributions	35,819	54	-	14,206
Debt Service	-	-	-	-
Prizes and Awards	497	-	383,488	-
TOTAL OPERATING EXPENSES	8,354,345	443,529	480,865	3,294,611
OPERATING INCOME (LOSS)	(1,916,748)	134,114	132,029	26,366
NONOPERATING REVENUES AND (EXPENSES):				
Taxes	-	-	-	-
Fines and Settlements	7	2,448	-	-
Investment Income (Loss)	190,377	19,998	382	292
Rental Income	41,412	1	-	-
Gifts and Donations	273,025	-	-	-
Intergovernmental Distributions	(26,192)	-	(66,251)	-
Federal Grants and Contracts	280,719	-	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(6,221)	-	-	-
Insurance Recoveries from Prior Year Impairments	4,975	-	-	-
Debt Service	(176,260)	-	-	-
Other Expenses	(45,217)	-	-	-
Other Revenues	(10,423)	847	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	526,202	23,294	(65,869)	292
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(1,390,546)	157,408	66,160	26,658
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	139,313	-	-	-
Additions to Permanent Endowments	148	-	-	-
Transfers-In	327,923	-	-	-
Transfers-Out	(5,719)	(19)	(75,205)	(16,256)
TOTAL CONTRIBUTIONS AND TRANSFERS	461,665	(19)	(75,205)	(16,256)
CHANGE IN NET POSITION	(928,881)	157,389	(9,045)	10,402
NET POSITION - FISCAL YEAR BEGINNING	2,342,587	918,758	(27,116)	-
Accounting Changes (See Note 15B)	(631,716)	(648)	(1,001)	-
NET POSITION - FISCAL YEAR ENDING	$ 781,990	$ 1,075,499	$ (37,162)	$ 10,402

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

			GOVERNMENTAL ACTIVITIES
	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
	$ -	$ 562,095	$ -
	127,929	128,092	-
	1,776	3,045,698	-
	-	(653,596)	-
	239,322	4,174,566	424,065
	-	(25,756)	-
	4,805	5,953	-
	2,843	19,038	17,344
	-	44,442	-
	353,712	3,934,522	-
	20,993	27,819	-
	33,590	471,208	369
	784,970	11,734,081	441,778
	354,383	6,499,949	393,251
	353,551	5,756,290	153,869
	45,894	199,768	1
	33,588	470,695	30,601
	25,554	75,633	6
	12,726	12,726	-
	939	384,924	24
	826,635	13,399,985	577,752
	(41,665)	(1,665,904)	(135,974)
	39,954	39,954	-
	2,176	4,631	1
	4,560	215,609	(334)
	14,032	55,445	-
	3,082	276,107	1
	-	(92,443)	-
	-	280,719	-
	1,257	(4,964)	3,558
	(3,113)	1,862	287
	(14,874)	(191,134)	(2,231)
	-	(45,217)	-
	1	(9,575)	-
	47,075	530,994	1,282
	5,410	(1,134,910)	(134,692)
	265	139,578	1,999
	-	148	-
	23,842	351,765	1,732
	(8,493)	(105,692)	(7,236)
	15,614	385,799	(3,505)
	21,024	(749,111)	(138,197)
	1,336,104	4,570,333	(401,114)
	(16,950)	(650,315)	(14,795)
	$ 1,340,178	$ 3,170,907	$ (554,106)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Tuition, Fees, and Student Loans	$ 2,439,546	$ -
Fees for Service	2,290,431	5,886
Receipts for Interfund Services	-	-
Sales of Products	18,797	1,262
Gifts, Grants, and Contracts	1,763,768	15,147
Loan and Note Repayments	396,856	-
Unemployment Insurance Premiums	-	579,998
Income from Property	57,607	1
Other Sources	136,363	-
Cash Payments to or for:		
Employees	(5,077,462)	(7,219)
Suppliers	(1,488,975)	(16,340)
Payments for Interfund Services	-	-
Sales Commissions and Lottery Prizes	-	-
Unemployment Benefits	-	(412,000)
Scholarships	(118,459)	-
Others for Student Loans and Loan Losses	(405,227)	-
Other Governments	(35,819)	(54)
Other	(88,311)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	(110,885)	166,681
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers- In	3,306,720	624
Transfers- Out	(3,036,995)	(643)
Receipt of Deposits Held in Custody	602,159	-
Release of Deposits Held in Custody	(602,229)	-
Gifts and Grants for Other Than Capital Purposes	273,173	-
Intergovernmental Distributions	(26,192)	-
NonCapital Debt Proceeds	130,185	-
NonCapital Debt Service Payments	(137,185)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	509,636	(19)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(569,198)	(1,913)
Capital Contributions	156,871	-
Capital Gifts, Grants, and Contracts	21,082	-
Proceeds from Sale of Capital Assets	3,624	222
Capital Debt Proceeds	774,751	-
Capital Debt Service Payments	(633,473)	-
Capital Lease Payments	(23,577)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(269,920)	(1,691)

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
STATE LOTTERY	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ -	$ 1,805	$ 2,441,351	$ -
-	846,044	279,933	3,422,294	2,489
-	-	10,316	10,316	417,088
611,993	-	66,459	698,511	1,057
-	2,432,281	368,153	4,579,349	91
-	-	-	396,856	-
-	-	-	579,998	-
-	-	16,732	74,340	17,319
900	32	76,552	213,847	2,534
(10,416)	(35,409)	(209,213)	(5,339,719)	(241,847)
(29,393)	(3,209,090)	(144,348)	(4,888,146)	(88,975)
(2,684)	(400)	(4,343)	(7,427)	(54,143)
(428,938)	-	(10,125)	(439,063)	(374)
-	-	-	(412,000)	-
-	-	-	(118,459)	-
-	-	-	(405,227)	-
-	18,891	(25,181)	(42,163)	(6)
(568)	(4,900)	(242,415)	(336,194)	(301)
140,894	47,449	184,325	428,464	54,932
-	-	44,443	3,351,787	2,470
(75,205)	(16,256)	(28,023)	(3,157,122)	(7,917)
-	-	768	602,927	355
-	-	(752)	(602,981)	(222)
-	-	1,241	274,414	-
(66,251)	-	-	(92,443)	-
-	-	6,921	137,106	164
-	-	(7,472)	(144,657)	(164)
(141,456)	(16,256)	17,126	369,031	(5,314)
(398)	(23)	(342,815)	(914,347)	(36,626)
-	-	-	156,871	-
-	-	-	21,082	-
176	-	95,488	99,510	31,271
-	-	-	774,751	-
-	-	(11,837)	(645,310)	(68)
-	-	(540)	(24,117)	(23,915)
(222)	(23)	(259,704)	(531,560)	(29,338)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)		HIGHER EDUCATION INSTITUTIONS		UNEMPLOYMENT INSURANCE
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments		72,233		20,003
Proceeds from Sale/Maturity of Investments		6,112,189		-
Purchases of Investments		(6,243,708)		-
Increase(Decrease) from Unrealized Gain(Loss) on Investments		55,597		(5)
NET CASH FROM INVESTING ACTIVITIES		(3,689)		19,998
NET INCREASE (DECREASE) IN CASH AND POOLED CASH		125,142		184,969
CASH AND POOLED CASH , FISCAL YEAR BEGINNING		1,438,178		808,093
CASH AND POOLED CASH, FISCAL YEAR END	$	1,563,320	$	993,062
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$	(1,916,748)	$	134,114
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided by Operating Activities:				
Depreciation		434,552		2,379
Investment/Rental Income and Other Revenue in Operating Income		-		-
Rents, Fines, Donations, and Grants and Contracts in NonOperating		280,008		3,296
(Gain)/Loss on Disposal of Capital and Other Assets		162		-
Compensated Absences Expense		22,871		-
Interest and Other Expense in Operating Income		51,173		1,528
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred				
Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables		(64,070)		15,855
(Increase) Decrease in Inventories		(1,552)		-
(Increase) Decrease in Other Operating Assets and Deferred Outflows		8,876		-
(Increase) Decrease in Pension Deferred Outflow		565,978		5,571
(Increase) Decrease in OPEB Deferred Outflow		(27,079)		(28)
Increase (Decrease) in Accounts Payable		(229,185)		1,509
Increase (Decrease) in Pension Liability		451,893		(1,465)
Increase (Decrease) in OPEB Liability		(55,673)		(67)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows		(8,134)		1,492
Increase (Decrease) in Pension Deferred Inflow		253,416		2,410
Increase (Decrease) in OPEB Deferred Inflow		122,627		87
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	(110,885)	$	166,681
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund		258		-
Capital Assets Acquired by Grants or Donations and Payable Increases		56,447		-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals		22,934		(5)
Loss on Disposal of Capital and Other Assets		22,435		-
Disposal of Capital Assets		75,226		-
Amortization of Debt Valuation Accounts and Interest Payable Accruals		66,388		-
Assumption of Capital Lease Obligation or Mortgage		5,755		-
Financed Debt Issuance Costs		1,984		-
Fair Value Change in Derivative Instrument		(2,414)		-

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

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
STATE LOTTERY	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
935	750	17,317	111,238	155
-	-	16,894	6,129,083	-
-	-	(18,877)	(6,262,585)	-
(553)	(458)	(7,971)	46,610	(488)
382	292	7,363	24,346	(333)
(402)	31,462	(50,890)	290,281	19,947
47,468	-	793,544	3,087,283	38,152
$ 47,066	$ 31,462	$ 742,654	$ 3,377,564	$ 58,099
$ 132,029	$ 26,366	(41,665)	$ (1,665,904)	$ (135,974)
176	-	33,588	470,695	30,601
-	-	(4,805)	(4,805)	-
-	-	56,332	339,636	1,982
-	-	-	162	-
35	20	356	23,282	822
-	23	(20,490)	32,234	(1,437)
(1,032)	(38,496)	1,972	(85,771)	1,359
(424)	-	6,228	4,252	194
(318)	-	3,041	11,599	908
3,140	(8,209)	64,977	631,457	59,032
(64)	-	209	(26,962)	(884)
2,402	11,883	27,257	(186,134)	13,308
4,741	13,135	44,261	512,565	66,385
66	-	198	(55,476)	745
(613)	42,231	(16,959)	18,017	(6,510)
738	496	28,705	285,765	24,078
18	-	1,120	123,852	323
$ 140,894	$ 47,449	$ 184,325	$ 428,464	$ 54,932
-	-	203	461	1,942
-	-	482	56,929	-
(553)	(458)	(7,260)	14,658	-
-	-	(226)	22,209	1,864
-	-	-	75,226	-
-	-	6,781	73,169	115
-	-	-	5,755	18,784
-	-	-	1,984	-
-	-	-	(2,414)	-

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE PURPOSE TRUST	AGENCY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 92,286	$ 232,353	$ 792,820
Investments	-	472	-
Taxes Receivable, net	-	-	193,167
Other Receivables, net	1,229	11,043	305
Due From Other Funds	816	9,891	11,115
Due From Component Units	-	-	188
Inventories	-	-	3
Noncurrent Assets:			
Investments:			
Government Securities	3,824	-	-
Corporate Bonds	9,744	-	-
Repurchase Agreements	-	295	-
Asset Backed Securities	777	17,465	-
Mortgages	6,331	-	-
Mutual Funds	20,682	7,151,820	-
Guaranteed Investment Contracts		161,050	
Other Investments	28,736	769,513	-
Other Long-Term Assets	-	-	9,780
TOTAL ASSETS	164,425	8,353,902	1,007,378
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	2,747
Accounts Payable and Accrued Liabilities	19,514	10,608	1,295
Due To Other Governments	-	-	342,903
Due To Other Funds	7	59	-
Unearned Revenue	2	9,687	-
Compensated Absences Payable	24	-	-
Claims and Judgments Payable	18,459	-	45
Other Current Liabilities	-	-	611,532
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	5,255	48,640
Accrued Compensated Absences	31	-	-
Other Long-Term Liabilities	-	-	216
TOTAL LIABILITIES	38,037	25,609	$ 1,007,378
NET POSITION:			
Held in Trust for:			
Pension/Benefit Plan Participants	126,388	-	
Individuals, Organizations, and Other Entities	-	8,328,293	
TOTAL NET POSITION	$ 126,388	$ 8,328,293	

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE PURPOSE TRUST
ADDITIONS:		
Additions By Participants	$ -	$ 1,292,120
Member Contributions	87,161	-
Employer Contributions	323,447	-
Investment Income/(Loss)	3,291	475,463
Unclaimed Property Receipts	-	49,704
Other Additions	6,029	3,196
Transfers- In	1,403	86
TOTAL ADDITIONS	421,331	1,820,569
DEDUCTIONS:		
Distributions to Participants	3,519	293,178
Health Insurance Premiums Paid	149,830	-
Health Insurance Claims Paid	214,817	-
Other Benefits Plan Expense	32,000	-
Payments in Accordance with Trust Agreements	-	817,033
Other Deductions	22,471	-
Transfers- Out	209	476
TOTAL DEDUCTIONS	422,846	1,110,687
CHANGE IN NET POSITION	(1,515)	709,882
NET POSITION - FISCAL YEAR BEGINNING	127,903	7,618,411
NET POSITION - FISCAL YEAR ENDING	$ 126,388	$ 8,328,293

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

STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION	COLORADO STATE UNIVERSITY FOUNDATION	COLORADO SCHOOL OF MINES FOUNDATION
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 216,923	$ 29,861	$ 1,137	$ 9,502
Contributions Receivable, net	-	53,379	13,058	1,257
Other Receivables, net	80,241	-	-	1,691
Due From Other Governments	1,338	-	-	-
Prepaids, Advances and Deposits	-	724	87	-
Other Current Assets	-	-	-	-
Total Current Assets	298,502	83,964	14,282	12,450
Noncurrent Assets:				
Restricted Cash and Pooled Cash	105,325	-	-	30
Restricted Investments	99,059	-	-	-
Restricted Receivables	1,529	-	-	-
Investments	-	1,898,529	488,769	339,463
Contributions Receivable, net	-	126,555	49,038	16,415
Other Long-Term Assets	918,238	-	717	117
Depreciable Capital Assets and Infrastructure, net	25	1,434	46	-
Land and Nondepreciable Capital Assets	-	-	-	-
Total Noncurrent Assets	1,124,176	2,026,518	538,570	356,025
TOTAL ASSETS	1,422,678	2,110,482	552,852	368,475
DEFERRED OUTFLOW OF RESOURCES:	5,980	-	-	-
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	8,223	5,222	2,480	1,933
Due To Other Governments	850	-	-	-
Notes, Bonds, and COPs Payable	40,105	-	-	-
Other Current Liabilities	121,444	19,279	-	-
Total Current Liabilities	170,622	24,501	2,480	1,933
Noncurrent Liabilities:				
Deposits Held In Custody For Others	-	420,585	13,596	35,533
Notes, Bonds, and COPs Payable	450,280			
Due to Component Units	-	-	-	-
Net Pension Liability	7,242	-	-	-
Other Postemployment Benefits	-	-	-	-
Other Long-Term Liabilities	58,020	20,319	870	8,450
Total Noncurrent Liabilities	515,542	440,904	14,466	43,983
TOTAL LIABILITIES	686,164	465,405	16,946	45,916
DEFERRED INFLOW OF RESOURCES:	188	-	-	-
NET POSITION:				
Net investment in Capital Assets:	24	1,435	46	-
Permanent Funds and Endowments:				
Expendable	-	970,306	269,435	108,691
Nonexpendable	-	606,412	227,664	182,638
Other Purposes	707,562	-	-	-
Unrestricted	34,720	66,924	38,761	31,230
TOTAL NET POSITION	$ 742,306	$ 1,645,077	$ 535,906	$ 322,559

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

UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ 2,083	$ 2,221	$ 261,727
1,349	-	69,043
95	2,820	84,847
-	386	1,724
-	-	811
9,360	-	9,360
12,887	5,427	427,512
-	14,862	120,217
-	-	99,059
-	-	1,529
118,484	-	2,845,245
2,271	-	194,279
105	381	919,558
874	161,415	163,794
-	28,911	28,911
121,734	205,569	4,372,592
134,621	210,996	4,800,104
-	-	5,980
916	1,239	20,013
-	-	850
-	-	40,105
-	545	141,268
916	1,784	202,236
550	-	470,264
	50,706	500,986
-		
-	-	7,242
-		
161	662	88,482
711	51,368	1,066,974
1,627	53,152	1,269,210
-	-	188
874	190,326	192,705
31,670	-	1,380,102
89,264	-	1,105,978
-	6,087	713,649
11,186	(38,569)	144,252
$ 132,994	$ 157,844	$ 3,536,686

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION COMPONENT UNITS FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION	COLORADO STATE UNIVERSITY FOUNDATION
OPERATING REVENUES:			
Fees	$ 26,993	$ -	$ -
Sales of Goods and Services	-	-	-
Investment Income (Loss)	7,423	-	-
Rental Income	-	-	-
Gifts and Donations	-	234,248	66,249
Federal Grants and Contracts	5,223	-	-
Other	112	16,100	95
TOTAL OPERATING REVENUES	39,751	250,348	66,344
OPERATING EXPENSES:			
Salaries and Fringe Benefits	1,684	-	-
Operating and Travel	16,907	26,336	2,521
Depreciation and Amortization	10	148	13
Debt Service	20,396	-	-
Foundation Program Distributions	-	166,739	112,589
TOTAL OPERATING EXPENSES	38,997	193,223	115,123
OPERATING INCOME (LOSS)	754	57,125	(48,779)
NONOPERATING REVENUES AND (EXPENSES):			
Investment Income (Loss)	-	132,039	31,312
Gifts and Donations	-	-	-
Federal Grants and Contracts	-	-	-
Debt Service	-	-	-
Other Expenses	-	-	(9,978)
TOTAL NONOPERATING REVENUES (EXPENSES)	-	132,039	21,334
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	754	189,164	(27,445)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	29,828	-	-
TOTAL CONTRIBUTIONS AND TRANSFERS	29,828	-	-
CHANGE IN NET POSITION	30,582	189,164	(27,445)
NET POSITION - FISCAL YEAR BEGINNING	711,724	1,455,913	563,351
Prior Period Adjustments (See Note 15A)	-	-	-
NET POSITION - FISCAL YEAR ENDING	$ 742,306	$ 1,645,077	$ 535,906

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

COLORADO SCHOOL OF MINES FOUNDATION	UNIVERSITY OF NORTHERN COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
$ 1,900	$ -	$ -	$ 28,893
-	-	10,253	10,253
-	-	-	7,423
-	-	7,042	7,042
15,367	18,603	-	334,467
-	-	-	5,223
911	186	-	17,404
18,178	18,789	17,295	410,705
-	-	-	1,684
8,968	814	7,700	63,246
-	36	6,010	6,217
-	-	-	20,396
22,810	14,463	-	316,601
31,778	15,313	13,710	408,144
(13,600)	3,476	3,585	2,561
23,346	8,853	66	195,616
-	-	57	57
-	-	994	994
-	-	(3,184)	(3,184)
-	-	(666)	(10,644)
23,346	8,853	(2,733)	182,839
9,746	12,329	852	185,400
-	-	3,167	32,995
-	-	3,167	32,995
9,746	12,329	4,019	218,395
312,813	120,665	215,997	3,380,463
-	-	(62,172)	(62,172)
$ 322,559	$ 132,994	$ 157,844	$ 3,536,686

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - COMPONENT UNITS
RECAST TO THE
STATEMENT OF ACTIVITIES FORMAT
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION		ELIMINATIONS & ADJUSTMENTS	STATEMENT OF ACTIVITIES	
OPERATING REVENUES:				
Fees	$ 28,893			
Sales of Goods and Services	10,253			
Investment Income (Loss)	7,423	(7,423)		
Rental Income	7,042			
Gifts and Donations	334,467	(334,467)		
Federal Grants and Contracts	5,223	(5,223)		
Intergovernmental Revenue	-			
Other	17,404	(17,292)		
TOTAL OPERATING REVENUES	410,705	(364,405)	46,300	CHARGES FOR SERVICES
OPERATING EXPENSES:				
Salaries and Fringe Benefits	1,684			
Operating and Travel	63,246			
Cost of Goods Sold	-			
Depreciation and Amortization	6,217			
Intergovernmental Distributions	-			
Debt Service	20,396	3,184		
Foundation Program Distributions	316,601			
Other Expenses	-	10,644		
Prizes and Awards	-			
TOTAL OPERATING EXPENSES	408,144	13,828	421,972	EXPENSES
OPERATING INCOME (LOSS)	2,561			
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income (Loss)	195,616	(195,616)		
Gifts and Donations	57	(57)		
Federal Grants and Contracts	994	(994)		
Debt Service	(3,184)	3,184		
Other Expenses	(10,644)	10,644		
TOTAL NONOPERATING REVENUES (EXPENSES)	182,839	(182,839)		
		524,191	524,191	OPERATING GRANTS & CONTRIBUTIONS
		4,161	4,161	CAPITAL GRANTS & CONTRIBUTIONS
		65,715	65,715	UNRESTRICTED INVESTMENT EARNINGS
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	185,400			
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	32,995	(32,995)		
TOTAL CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:	32,995	(32,995)	-	SPECIAL AND/OR EXTRAORDINARY ITEM
CHANGE IN NET POSITION	218,395		218,395	CHANGE IN NET POSITION
NET POSITION - FISCAL YEAR BEGINNING	3,380,463		3,380,463	NET POSITION - FISCAL YEAR BEGINNING
Prior Period Adjustments (See Note 15A)	(62,172)		(62,172)	
NET POSITION - FISCAL YEAR ENDING	$ 3,536,686		$ 3,536,686	NET POSITION - FISCAL YEAR ENDING

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. NEW ACCOUNTING STANDARDS

The following accounting standards were implemented in Fiscal Year 2018:

GASB Statement No. 75- Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. In 2018, the State implemented GASB Statement No.75. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The Colorado Water Resources and Power Development Authority – a discretely presented component unit – will implement Statement No. 75 for its financial reporting period ending December 31, 2018. Therefore, CWRPDA statements do not reflect the reporting requirements for GASB 75.

GASB Statement No. 81- Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 85- Omnibus 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.

GASB Statement No. 86- Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. See Note 13 for additional information.

GASB Statement No. 89- Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement is effective for reporting periods beginning after December 15, 2019, however, the University of Colorado and the Colorado Community College System have chosen to early implement for Fiscal Year 2018. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

B. FINANCIAL REPORTING ENTITY

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

Financial accountability is defined in GASB Statement No. 14 – The Financial Reporting Entity, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34. The State is financially accountable for those entities for which the State appoints a voting majority of the governing board and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the State.

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

Discretely Presented 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 Governor appoints the Board of Directors, subject to approval by the Senate. In addition, all water projects are subject to General Assembly authorization giving the state the ability to impose its will.

The University of Colorado Foundation was incorporated in 1967 and is authorized by the Board of Regents of the University of Colorado to receive, hold, invest, and transfer funds for the benefit of the University of Colorado. The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Service Code and is exempt from income tax on related income. Management believes it would be misleading to exclude this entity.

The Colorado State University Foundation is a not-for-profit tax-exempt organization, as described in Section 501(c)(3) of the Internal Revenue Service Code, and was incorporated in 1970 to assist in the promotion, development, and enhancement of the facilities and educational programs and opportunities of the faculty, students, and alumni of Colorado State University. This is accomplished through receiving, managing, and investing gifts. Principal or income from these gifts and contributions is used for charitable, scientific, literary, or educational purposes, which will directly or indirectly aid and benefit Colorado State University. Management believes it would be misleading to exclude this entity.

The Colorado School of Mines Foundation is a not-for-profit tax-exempt corporation providing financial resource development and support to the Colorado School of Mines. The majority of the foundation's revenue is derived from contributions and investment income. Management believes it would be misleading to exclude this entity.

The University of Northern Colorado Foundation is a tax-exempt organization incorporate in 1996 to provide program, scholarship and other support to the University of Northern Colorado. The foundation's primary revenue is derived from contributions and investment income. Management believes it would be misleading to exclude this entity.

Other Component Units (Nonmajor):

The Denver Metropolitan Major League Baseball Stadium District currently includes all or part of the seven counties in the Denver metro area. The district was created for the purpose of acquiring, constructing, and operating a major league baseball stadium. To accomplish this purpose, the General Assembly authorized the district to levy a sales tax of one-tenth of one percent throughout the district for a period not to exceed 20 years. However, the district discontinued the sales tax levy on January 1, 2001, upon the final defeasance of all its outstanding debt. Board members are appointed by the Governor, with consent of the Senate. The Board members serve at the pleasure of the Governor which gives the State the ability to impose its will.

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

Blended Component Units:

Some legally separate component units are so intertwined with the State that they are reported as part of the State's fund and government-wide financial statements and are considered blended component units. Those that are identifiable within an enterprise fund with bonds or debt instruments outstanding and a revenue stream pledged in support of that debt are required to be accounted for separately as segments (see Note 18). The following entities are reported as blended component units:

- University Physician's Inc. d/b/a CU Medicine
- University of Colorado Property Construction, Inc. (CUPCO)

Detailed financial information on all component units may be obtained from the following address:

State of Colorado
Office of the State Controller
Financial Reporting and Analysis
1525 Sherman Street, 5th Floor
Denver, CO 80203
303-866-6200

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The government-wide statements report all non-fiduciary activities of the primary government and its component units. Fiduciary activities of the primary government and its component units are excluded from the government-wide statements because those resources are not available to fund the programs of the government. The primary government is further subdivided between governmental activities and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities include proprietary funds financed in whole or in part by fees charged to external parties for goods or services.

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

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

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

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

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

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

D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND TYPE (MAJOR):

General Fund

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

Resource Extraction

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

Highway Users Tax Fund

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

Capital Projects Fund

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

State Education Fund

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

PROPRIETARY FUND TYPE (MAJOR):

Higher Education Institutions

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

Unemployment Insurance

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

Lottery

The State Lottery encompasses the various lottery and lotto games run under Colorado Revised Statutes. The primary revenue source is lottery ticket sales, and the net proceeds are primarily distributed to the Great Outdoors Colorado Program (a related organization), the Conservation Trust Fund, and when receipts are adequate, the General Purpose Revenue Fund. The funds are used primarily for open space purchases and recreational facilities throughout the State.

Healthcare Affordability

The Colorado Healthcare Affordability and Sustainability Enterprise Act of 2017, created the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) as a government-owned business within the Department of Health Care Policy and Financing to collect a healthcare affordability and sustainability fee from hospitals to provide business services to Colorado hospitals. This fee, not to exceed six percent of net patient revenues, is assessed on hospital providers.

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

GOVERNMENTAL FUND TYPE (NONMAJOR):

General Fund

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

Capital Projects

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

Special Revenue Funds

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

Debt Service Fund

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

Permanent Funds

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

PROPRIETARY FUND TYPE (NONMAJOR):

Enterprise Funds

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

Internal Service Funds

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

FIDUCIARY FUND TYPE:

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

Pension and Other Employee Benefit Trust Funds

In the basic financial statements, the State reports in a single column the activities related to resources being held in trust for (1) members and beneficiaries of the Group Benefits Plan, which provides health, life, dental, and short-term disability benefits to state employees, and (2) the Colorado State University Other Post-Employment Benefit Trust Funds.

Private Purpose Trust Funds

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

Agency Funds

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

PRESENTATION OF INTERNAL BALANCES

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

FUNCTIONAL PRESENTATION OF EXPENDITURES

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

General Government

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

Business, Community, and Consumer Affairs

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

Education

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

Health and Rehabilitation

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

Justice

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

Natural Resources

Department of Natural Resources.

Social Assistance

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

Transportation

Department of Transportation.

E. BASIS OF ACCOUNTING

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

- Derived tax revenues are recognized when the underlying exchange transaction occurs.
- Imposed nonexchange revenues are recognized when the State has an enforceable legal claim.

- Government mandated and voluntary nonexchange revenues are recognized when all eligibility requirements are met – assets are recognized if received before eligibility requirements are met.

FUND-LEVEL FINANCIAL STATEMENTS

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. The State defines revenues as available if they are expected to be collected within one year. Historical data, adjusted for economic trends, are used to estimate the following revenue accruals:

- Sales, use, liquor, and cigarette taxes are accrued based on filings received and an estimate of filings due at June 30.

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

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

Expenditures are recognized in governmental funds when:

- The related liability is incurred and is due and payable in full (examples include professional services, supplies, utilities, and travel).

- The matured portion of general long-term indebtedness is due and payable (or resources have been designated in the Debt Service Fund and the debt service is payable within thirty days of fiscal year-end).

- The liability has matured and is normally expected to be liquidated with expendable available financial resources.

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

Proprietary and Fiduciary Funds

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

F. ACCOUNTING POLICIES AFFECTING SPECIFIC ASSETS, LIABILITIES, AND NET POSITION

CASH AND POOLED CASH

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

RECEIVABLES

Accounts receivable in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established. Accrued taxes include receivables for taxpayer-assessed taxes where the underlying exchange has occurred in the period ending June 30 or prior, net of applicable estimated refunds and allowances.

INVENTORIES AND PREPAIDS

Inventories of the various State agencies are primarily comprised of finished goods inventories held for resale and consumable items such as office and institutional supplies, fuel, and maintenance items.
Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or fair value. The State uses various valuation methods (FIFO, average cost, etc.) as selected by individual State agencies. The method used in each agency is consistent from year to year.
Consumable inventories that are deemed material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase, while inventories held for resale are expensed at the time of sale.
Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

INVESTMENTS

Investments, including those held by the State Treasurer and reported as pooled cash, include both short and long-term investments. They are stated at fair value, except for certain investments which are measured at their Net Asset Value (see Note 4). Investments that do not have an established market are reported at their estimated fair value. The State Treasurer records investment interest in individual funds based on book yield as adjusted for amortization of investment premiums and discounts.

CAPITAL ASSETS

Depreciable capital assets are reported at historical cost, net of accumulated depreciation, on the government-wide *Statement of Net Position*. Donated capital assets are carried at their estimated acquisition value at the date of donation. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. Land, certain land improvements, construction in progress, and certain works of art or historical treasures are reported as nondepreciable assets.

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

Asset Class	Lower Threshold	Established State Thresholds
Land Improvements	$ 5,000.00	$ 50,000
Buildings	$ 5,000.00	$ 50,000
Leasehold Improvements	$ 5,000.00	$ 50,000
Intangible Assets	NA	$ 50,000
Vehicles and Equipment	NA	$ 5,000
Software (purchased)	NA	$ 5,000
Software (internally developed)	NA	$ 50,000
Collections	NA	$ 5,000
Infrastructure	NA	$ 500,000

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

Asset Class	Estimated Useful Life
Land Improvements	3 to 50 years
Buildings	3 to 70 years
Leasehold Improvements	3 to 50 years
Vehicles and Equipment	2 to 50 years
Software	2 to 20 years
Collections	3 to 20 years
Other Capital Assets	3 to 25 years
Infrastructure	20 to 75 years

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

With the exception of the University of Colorado, which early-implemented GASB Statement No. 89, the State capitalizes interest incurred during the construction of capital assets that are reported in enterprise funds.

UNEARNED REVENUE AND DEFERRED INFLOWS

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

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

ACCRUED COMPENSATED ABSENCES LIABILITY

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to the individual's accrued balance on July 1, 1988, plus 360 additional hours.

Employees that exceed the limit at June 30 are required to convert five hours of unused sick leave to one hour of annual leave. Employees or their survivors are paid for one-fourth of their unused sick leave upon retirement or death. Annual leave is earned at increasing rates based on employment longevity. No classified employee is allowed to accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100 percent of their annual leave balance upon leaving State service.

Compensated absence liabilities related to the governmental funds are recognized as liabilities of the fund only to the extent that they are due and payable at June 30. For all other fund types, both current and long-term portions are recorded as individual fund liabilities. On the government-wide *Statement of Net Position,* all compensated absence liabilities are reported.

INSURANCE

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

The State insures its property through a combination of self-insurance and commercial insurance carriers and is self-insured against liability risks for both its officials and employees (see Note 9). It is self-funded for employee healthcare plans, however, in the healthcare instance, the risk resides with the employees, because the State contribution to the plan is subject to appropriation each year, and employees are required to cover the balance of any premiums due. The State pays the actual costs of unemployment benefits paid to separated employees, rather than unemployment insurance premiums.

NET POSITION

In the government-wide and proprietary fund financial statements, net position is the difference between assets, liabilities, deferred inflows, and deferred outflows. Net investment in capital assets, represents capital assets; less accumulated depreciation; and less any outstanding borrowings related to the acquisition, construction, or improvement of those assets. Certain net positions are restricted for highway maintenance, education, unemployment insurance, debt service, donor restrictions, and various other funds that were established at the direction of the federal government, the courts, the State Constitution, or other external parties.

FUND BALANCES

Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained. This fund balance category consists of inventories; prepaid expenditures such as advances to counties for social assistance programs, local entities for species conservation, and to Colorado cities and special districts from emergency management funds; permanent funds related to state lands, and the corpus of other permanent funds.

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

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

In the General Purpose Revenue Fund, the Committed category represents the requirement in Colorado Revised Statutes 24-75-201.1(1)(d) to reserve six and one half percent of General Purpose Revenue Fund appropriations (see Note 15 for additional detail).

Committed balances also include earned augmenting revenue, such as insurance proceeds, that State agencies are not required to revert into the General Purpose Revenue Funds' fund balance.

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

Assigned – This classification represents the portion of the General Purpose Revenue Fund fund balance related to certain Fiscal Year 2017-18 appropriations that the Colorado State Controller approved in accordance with Fiscal Rule 7-3 for use in the subsequent fiscal year.

Unassigned – This is the residual classification for the General Fund, and is not shown in other governmental funds, unless the fund balance is a deficit.

When an expenditure incurred could be funded from either restricted or unrestricted sources, unrestricted dollars are spent first, and within unrestricted sources funding is allocated first from unassigned, then assigned, and then committed resources. However, in certain circumstances restricted and/or committed resources are spent without regard to other available funding sources including transfers to pay indirect costs, to fund programs operating in the General Purpose Revenue Fund, to support health-related programs funded by tobacco tax, to support programs partially funded by Highway Users' Tax funds, and other situations that are not individually significant.

G. ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/ EXPENSES

PROGRAM REVENUES

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

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

INDIRECT COST ALLOCATION

The State allocates indirect costs on the government-wide *Statement of Activities*. In general, the allocation reduces costs shown in the general government functions and increases costs in the other functions and business-type activities. The allocation is based on the Statewide Appropriations/Cash Fees Plan.

The Plan uses allocation statistics from Fiscal Year 2014-15 and costs from the Fiscal Year 2016-17 Appropriations bill that were incorporated in State agency budgets for Fiscal Year 2017-18. The allocation of costs between the governmental activities and business-type activities would normally result in an adjustment of internal balances on the government-wide *Statement of Net Po sition*. However, since the amount allocated from the governmental activities to the business-type activities is small, an offsetting adjustment is made to the (Transfers-Out)/Transfers-In line item at the bottom of the *Statement of Activities.*

OPERATING REVENUES AND EXPENSES

The State reports three major enterprise funds, multiple nonmajor enterprise funds, and multiple internal service funds. Because these funds engage in a wide variety of activities, the State's definition of operating revenues and expenses is highly generalized. For these funds, operating revenues and expenses are defined as transactions that result from the core business activity of the proprietary fund.
In general, this definition provides consistency between operating income on the *Statement of Revenues, Expenses, and Changes in Net Position* and cash from operations on the *Statement of Cash Flows.* However, certain exceptions occur including:

- Interest earnings and expenses of proprietary funds, for which the core business activity is lending, are reported as operating revenues and expenses on the *Statement of Revenues, Expenses, and Changes in Net Position* but are reported as investing activities on the *Statement of Cash Flows.*

- Some rents, fines, donations, and certain grants and contracts are reported as nonoperating revenues on the *Statement of Revenues, Expenses, and Changes in Net Position*, but are reported as cash from operations on the *Statement of Cash Flows.*

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

NOTE 2 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

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

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

The State Controller is generally required by statute to restrict the subsequent year appropriation whether or not an overexpenditure is approved. Such a restriction requires the agency to seek a supplemental appropriation from the General Assembly, earn adequate cash or federal revenue to cover the expenditure in the following year, and/or reduce their subsequent year's expenditures. Per Colorado Revised Statutes 24-75-109(2)(b), neither the Governor nor the State Controller is allowed to approve any overexpenditure in excess of the unencumbered balance of the fund from which the overexpenditure is made.

Total overexpenditures at June 30, 2018, were $37.5 million as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- <u>Mental Health Institutes</u> – The Department of Health Care Policy & Financing overspent this line item by $3.7 million general funds. The Mental Health Institutes appropriation pays for the costs incurred by the state Mental Health Institutes when serving Medicaid clients. The Department overexpended the General Fund and federal funds of the Mental Health Institutes appropriation due to claims billing system processing errors, in which claims were getting rejected or processed at incorrect amounts. Additionally, the Department made payments on unpaid claims from the past few years from the Legacy MMIS system.

- <u>Children's Basic Health Plan Medical and Dental Costs</u> – The Department of Health Care Policy & Financing overspent this line item by $1.0 million cash funds. The Children's Basic Health Plan Medical and Dental Costs appropriation covers expenditures for services rendered for CHP+ clients. The cash overexpenditures occurred as a result of an unanticipated increase in enrollment over the final few months of Fiscal Year 2018.

- Medical Services Premiums – The Department of Health Care Policy & Financing overspent this line item by $17.8 million general funds. The Medical Services Premiums appropriation covers expenditures for the majority of services rendered for Medicaid members. Approximately half of the General Fund over expenditure occurred as a result of under forecasting caseload and per capita for the Disabled Individuals to 59 (AND/AB) population which has a higher share of General Fund than other populations. The majority of the rest of the General Fund over expenditure occurred as a result of an underestimate of the General Fund contribution for the Supplemental Medical Insurance Benefit (SMIB). The underestimate was a result of unavailable data from the Department's new claims system which impaired the forecast.

- Behavioral Health Capitation Payments – The Department of Health Care Policy & Financing overspent this line item by $.4 million general funds. The Behavioral Health Capitation Payments appropriation covers expenditures for a majority of behavioral health services rendered for Medicaid clients. The overexpenditure in the General Fund has occurred as a result of a delay in receiving recoupments from the Behavioral Health Organizations for anticipated date-of-death retractions. The Department anticipates receiving these recoupments in FY 2019.

Approved Department of Human Services Overexpenditures, Other Than Medicaid, subject to the $1.0 million limit:

- Indirect Cost Pool (Utilities, Injury Prevention Program, Payments to OIT, and County Financial Management System) lines – The Department of Human Services overspent these combined line items by $.2 million general funds and $.6 million reappropriated funds. Historically long bill line appropriations (Indirect cost pool lines) in the Executive Director's Office, Office of Information Technology Services and Office of Operations were funded with General Fund, cash funds, reappropriated funds, and federal funds.

  Based on the changes made in FY 2018 Long Bill, these lines are now funded with general fund and reappropriated funds in each individual line and are no longer bottom line funded. The reappropriated funds are funded by the Indirect Cost Assessment lines in each of the Long Bill groups. Since this was the first year of implementing this new funding mechanism, assumptions were made that in fact didn't reflect the actual funding splits by line as calculated by the Department's Public Assistance Cost Allocation Plan (PACAP), resulting in the above lines being overspent.

It should be noted that the Department of Human Services also incurred other non-Medicaid overexpenditures as described below that were not approved, since they collectively were in excess of the $1,000,000 statutory limit as follows:

- Indirect Cost Pool (Personal Services, Operating, Utilities, Payments to Risk Management & Property Funds, Injury Prevention Program, Enterprise Content Management, Payments to OIT, County Financial Management System, and CORE Operations) lines – The Department of Human Services overspent these combined line items by $6.8 million general funds and $5.7 million reappropriated funds. Historically long bill line appropriations (Indirect cost pool lines) in the Executive Director's Office, Office of Information Technology Services and Office of Operations were funded with General Fund, cash funds, reappropriated funds, and federal funds. Based on the changes made in FY 2018 Long Bill, these lines are now funded with General Fund and reappropriated funds in each individual line and are no longer bottom line funded. The reappropriated funds are funded by the Indirect Cost Assessment lines in each of the Long Bill groups. Since this was the first year of implementing this new funding mechanism, assumptions were made that in fact didn't reflect the actual funding splits by line as calculated by the Department's Public Assistance Cost Allocation Plan (PACAP), resulting in the above lines being overspent.

- Indirect Cost Assessment lines – The Department of Human Services overspent these line items by $.4 million cash funds and $.5 million reappropriated funds. Associated with the above explanation, there were nine new Indirect Cost Assessment lines created in the department's Long Bill. Revenues are earned in each of the nine Indirect Cost Assessment lines and reappropriated to the Executive Director's Office, Office of Information Technology Services and Office of Operations to pay for the Department's indirect pool costs as noted above. As above, four of these lines were over spent in Reappropriated budget due to this being the first year of estimating collections by long bill group, though each line did earn the appropriate amount of revenue per the Department's Public Assistance Cost Allocation Plan (PACAP).

Approved State Departments Overexpenditures Subject to the $3.0 Million Limit:

- None at June 30, 2018

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

- Highway Fund – The Department of Transportation had a deficit fund balance related to this line item of $.4 million as a result of net operating losses at the Department's print shop.

The deferral of Medicaid expenditures and revenues for budget purposes only is authorized in CRS 25.5-8-108(5). However, those expenditures are recognized in the current fiscal year for financial statement presentation under Generally Accepted Accounting Principles (GAAP). The recognition of those expenditures on the GAAP basis resulted in fund balance deficits. Because the budget deferral that caused the GAAP deficit fund balance is in compliance with statute, no restriction of Fiscal Year 2018-19 spending authority is recommended. The following cash funds were in deficit fund balance position as a result of Department of Health Care Policy and Financing Medicaid activity as of June 30, 2018:

- Medicaid Buy-In Cash Fund - $0.2 million
- Health Care Expansion Fund - $3.3 million
- Primary Care Provider Sustainability Fund - $.01 million

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

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

In the 2005 general election, voters approved Referendum C, a statutory measure referred to the ballot by the Legislature that authorized the State to retain revenues in excess of the limit for the five fiscal years from 2005-06 through 2009-10. With the end of the Referendum C five-year excess revenue retention period, the State is subject to an Excess State Revenue Cap (ESRC) which began in Fiscal Year 2010-11. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds. The beginning base for the ESRC was the highest adjusted TABOR revenue during the five-year period, which occurred in Fiscal Year 2007-08.

In Fiscal Year 2014-15 a TABOR refund was due to taxpayers. Revenue subject to TABOR that year was $12,530.8 million, which exceeded the ESRC of $12,361.0 million by $169.7 million. The total refund payable triggered by the excess revenue was $169.7 million plus $3.6 million of understated and un-refunded amounts from prior years, or $173.3 million. Since Fiscal Year 2014-15, various corrections to revenue for that year have resulted in a $14.2 million reduction in the amount originally calculated. Through Fiscal Year 2017-18 the State has returned $137.8 million of the 2014-15 excess revenue to taxpayers, leaving $21.3 million left to refund.

In Fiscal Year 2017-18 revenue subject to TABOR was $13,720.9 million, which exceeded the $13,702.4 million ESRC by $18.5 million, and by $2,500.1 million over the original TABOR limit. With the addition of Fiscal Year 2017-18 excess revenue to the $21.3 million left from the 2014-15 amount payable, the State's liability for TABOR refunds increased to $39.8 million at June 30, 2018.

Since the inception of Referendum C in Fiscal Year 2005-06 the State has retained $19,215.3 million (unadjusted for prior year errors) – $3,593.6 million during the initial five-year revenue retention period, and an additional $15,621.7 million as a result of the higher ESRC limit in Fiscal Years 2010-11 through 2017-18.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. The estimated reserve amount for Fiscal Year 2017-18 was based on the December 2017 revenue projection prepared by the Legislative Council. In the Long Appropriations Act, the funds designated below and the maximum balances from each, constitute the reserve.

At June 30, 2018, the financial net positions, or fund balances of the following funds were restricted:

- Major Medical Fund, a portion of the nonmajor Labor Fund – $83.0 million maximum set in the Long Appropriations Act. At June 30, 2018 the fund's net assets were less than $83.0 million. The entire fund balance of $73.4 million was restricted.
- Wildlife Cash Fund, a portion of the nonmajor Parks and Wildlife Enterprise Fund – $34.0 million.
- Perpetual base account of the Severance Tax Fund, a portion of the major Resource Extraction Fund – $33.0 million.
- Colorado Water Conservation Board Construction Fund, a portion of the major Resource Extraction Fund – $33.0 million.

- Controlled Maintenance Trust Fund, a portion of the major General Fund – $68.5 million maximum set in the Long Appropriations Act. At June 30, 2018 the fund's net assets were less than $68.5 million. The entire fund balance of $61.7 million was restricted. During the fiscal year, $8.5 million was transferred from the Controlled Maintenance Trust Fund to the Disaster Emergency Fund, through seven executive orders, to pay for the following:

  - Disaster emergencies due to the Pine Tree, Deep Creek and Winter Valley wildfires in Moffat County Colorado - $4,250,000,
  - Deployment of the Colorado National Guard in support of impacts due to the solar eclipse - $30,000,
  - Cybersecurity incident at the Colorado Department of Transportation - $2,000,000,
  - Reimbursable emergency assistance to the Territory of Puerto Rico for Hurricane Maria - $260,000, and
  - Reimbursable costs for personnel and equipment related to the California wildfire emergency response - $2,000,000.

- Unclaimed Property Tourism Promotion Trust Fund, a portion of the nonmajor Private Purpose Trust Fund – $5.0 million.

The 2017 legislative session Long Appropriations Act also designated up to $160,272,000 of State properties as the remainder of the emergency reserve.

Based on actual fiscal year nonexempt revenues in Fiscal Year 2017-18 the required reserve was $411.6 million. Because the actual reserve requirement was more than the net assets of the Major Medical and Controlled Maintenance Trust funds and the maximum amounts designated for the other funds – including the State properties – the total amount restricted for the reserve was less than the combined maximums allowable in the designated funds as detailed above. The amount restricted for the reserve was $11.2 million less than required by the State Constitution. In the event of an emergency that exceeded the financial assets in the reserve, the designated Wildlife Cash Fund capital assets and general capital assets would have to be liquidated to meet the constitutional requirement.

NOTE 3 – CASH AND RECEIVABLES

CASH AND POOLED CASH

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

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

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

The State had an accounting system cash deposit balance of $1,766.1 million in the Treasurer's pool as of June 30, 2018. Under the GASB Statement No. 40 definitions, $39.7 million of the State's total bank balance of $1,744.2 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the State's name.

NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

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

- Capital Assets Funded by the Capital Projects Fund – Most capital construction projects funded by general-purpose revenues are accounted for in the Capital Projects Fund. Several of the State's enterprise and internal service funds receive capital assets funded and accounted for in this manner. These funds record Capital Contributions when the asset is received, and no cash transaction is reported on the *Statement of Cash Flows.* Higher Education Institutions and certain State agencies are authorized to move general revenue cash of the Capital Projects Fund to the enterprise or internal service fund for capital projects; when this occurs, a cash transaction is reported on the *Statement of Cash Flows.*

- Donations or Grants of Capital Assets – Capital assets received as donations or directly as grants are reported as capital contributions, and no cash transaction is reported on the *Statement of Cash Flows.* Although no cash is received, these transactions change the capital asset balances reported on the *Statement of Net Position;* therefore, they are reported as noncash transactions.

- Unrealized Gain/(Loss) on Investments – Nearly all proprietary funds record unrealized gains or losses on the investments underlying the Treasurer's pooled cash in which they participate. The unrealized gains or losses on the Treasurer's pool are shown as increases or decreases, respectively, in cash balances. The unrealized gains or losses on investments not held in the Treasurer's pooled cash result in increases or decreases in investment balances, and therefore, are reported as noncash transactions. The unrealized gain/loss schedule in Note 4 shows the combined effect of these two sources of unrealized gains or losses.

- Loss on Disposal of Capital and Other Assets – When the cash received at disposal of a capital or other asset is less than the carrying value of the asset, a loss is recorded. The loss results in a reduction of the amount reported for capital or other assets on the *Statement of Net Position*, but since no cash is exchanged for the loss amount, this portion of the transaction is reported as noncash.

- Amortization of Debt Related Amounts – Amortization of bond premiums, discounts, and gain/(loss) on refunding adjusts future debt service amounts shown for both capital and noncapital financing activities. These transactions change the amount of capital or noncapital debt reported on the *Statement of Net Position.* Since no cash is received or disbursed in these transactions, they are reported as noncash.

- Assumption of Capital Lease Obligation or Mortgage – Although no cash is exchanged, entering a capital lease or mortgage changes both the capital asset and the related liability balances reported on the *Statement of Net* Position. Therefore, these transactions are reported as noncash.

- Financed Debt Issuance Costs – When costs of debt issuance are financed by and removed from the debt proceeds, the State reports a noncash transaction.

- Fair Value Change in Derivative Instrument – When the State enters into a derivative instrument that qualifies as a hedge and has reported a deferred inflow or deferred outflow, the *Statement of Net Position* also includes a real account, either asset or liability, that is measured at fair value, but does not represent a current cash transaction.

RECEIVABLES

The Taxes Receivable of $1,587.4 million shown on the government-wide *Statement of Net Position* in current assets primarily comprises the following:

- $1,590.9 million in the General Purpose Revenue Fund, mainly self-assessed income and sales tax. This amount includes $188.1 million of Taxes Receivable expected to be collected after one year that are reclassified on the *Governmental Funds Balance Sheet Reconciled to Statement of Net Position* so they can be reported as Other Long-Term Assets on the government-wide *Statement of Net Position*.

- $110.8 million of unemployment insurance premiums receivable primarily recorded in the Unemployment Insurance Fund.

- $49.5 million recorded in non-major special revenue funds, which include approximately $13.4 million from gaming tax, $15.7 million from insurance premium tax, and $15.9 million from tobacco tax.

The Restricted Receivables of $633.2 million shown for Governmental Activities on the government-wide *Statement of Net Position* in noncurrent assets related primarily to $63.5 million of Taxes Receivable, $76.7 million of Other Receivables, and $488.7 million of Intergovernmental Receivables recorded in the Highway Users Tax Fund and State Highway Fund. All three items were reported as Restricted Receivables because the State Constitution and federal requirements restrict that portion of the Highway Users Tax Fund and State Highway Fund. The tax receivable was primarily fuel taxes while the intergovernmental receivable was primarily due from the federal government.

The Other Receivables of $1,256.4 million shown on the government-wide *Statement of Net Position* are net of $242.0 million in allowance for doubtful accounts and primarily comprise the following:

- $525.3 million of receivables recorded in the General Fund, of which $23.2 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $523.0 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $3.9 million of patient receivables.

- $530.7 million of student and other receivables of Higher Education Institutions.

- $83.9 million recorded by Other Governmental Funds includes $43.0 million of tobacco settlement revenues expected within the following year and $4.6 million of rent and royalty receivables recorded by the State Lands Fund.

- $23.9 million recorded by the Resource Extraction Fund.

INVENTORIES

Inventories of $107.0 million shown on the government-wide *Statement of Net Position* at June 30, 2018, primarily comprise the following:

- $69.0 million of resale inventories, of which, Resource Extraction recorded $34.9 million, and Higher Education Institutions recorded $30.4 million.

- $21.2 million of consumable supplies inventories, of which $9.9 million was recorded by the Higher Education Institutions, $7.9 million was recorded by the Highway Users Tax Fund, $2.2 million by the General Purpose Revenue Fund, and $0.6 million by Parks and Wildlife, a nonmajor enterprise fund.

- $10.7 million of manufacturing inventories recorded by Correctional Industries, a nonmajor enterprise fund.

PREPAIDS, ADVANCES, AND DEPOSITS

Prepaids, Advances, and Deposits of $113.3 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $17.3 million advanced to Colorado counties by the General Purpose Revenue Fund primarily related to social assistance programs.

- $16.1 million advanced to Colorado cities and special districts by the Division of Homeland Security and Emergency Management.

- $11.7 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.

- $15.3 million prepaid by Higher Educational Institutions, of which $7.6 million primarily related to cash payments for library subscriptions at Colorado State University.

- $16.9 million prepaid to designated service organizations by the Department of Human Services from the Marijuana Tax Cash Fund primarily for behavioral health.

- $4.8 million of prize expense paid by the Colorado Lottery to a multistate organization related to participation in the Powerball lottery game.

OTHER LONG-TERM ASSETS

The $743.8 million shown as Other Long-Term Assets on the government-wide *Statement of Net Position* is primarily long-term taxes receivable and long-term loans. Long-term taxes receivable of $188.1 million recorded in the General Purpose Revenue Fund are not included as Other Long-Term Assets on the *Balance Sheet – Governmental Funds* but are shown in Taxes Receivable.

The $424.3 million of Other Long-Term Assets shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Highway Users Tax Fund ($15.2 million), a major special revenue fund, and the Resource Extraction Fund ($370.0 million), a major special revenue fund. This balance primarily comprises water loan activity. The Water Conservation Board makes water loans from the Water Projects Fund, part of the Resource Extraction Fund, to local entities for the purpose of constructing water projects in the State.

The water loans are made for periods ranging from 10 to 30 years. Interest rates range from 2 to 6 percent for most projects, and they require the local entities or districts to make a yearly payment of principal and interest.
The $130.5 million shown as Other Long-term Assets on the *Statement of Net Position – Proprietary Funds* is primarily student loans issued by Higher Education Institutions but also includes livestock.

NOTE 4 – INVESTMENTS

The State holds investments both for its own benefit and as an agent for certain entities as provided by statute. The State does not invest its funds with any external investment pool. Funds not required for immediate payment of expenditures are administered by the authorized custodian of the funds or pooled and invested by the State Treasurer.

Colorado Revised Statutes 24-75-601.1 authorizes the types of securities in which public funds of governmental entities, including State agencies, may be invested. Investments of the Public Employees Retirement Association discussed in Note 6 and other pension funds are not considered public funds. In general, the statute allows investment in Certificates of Participation related to a lease or lease purchase commitment, local government investment pools, repurchase and reverse repurchase agreements (with certain limitations), securities lending agreements, corporate or bank debt securities denominated in US dollars, guaranteed investment or interest contracts including annuities and funding agreements, securities issued by or fully guaranteed by the United States Treasury or certain federal entities and the World Bank, inflation indexed securities issued by the United States Treasury, general obligation and revenue debt of other states in the United States and their political subdivisions (including authorities), or registered money market funds with policies that meet specific criteria.

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

Colorado Revised Statutes 24-36-113 authorizes securities in which the State Treasurer may invest and requires prudence and care in maintaining investment principal and maximizing interest earnings. In addition to the investments authorized for all public funds, the State Treasurer may invest in securities of the federal government and its agencies and corporations without limitation, asset-backed securities, certain bankers' acceptances or bank notes, certain commercial paper, certain international banks, certain loans and collateralized mortgage obligations and certain debt obligations backed by the full faith and credit of the state of Israel. The Treasurer's statute also establishes credit quality rating minimums specific to the Treasurer's investments. The Treasurer's statute is the basis for a formal investment policy published on the State Treasurer's website. In addition to the risk restrictions discussed throughout this Note 4, the Treasurer's investment policy precludes the purchase of derivative securities.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments in those prior periods. In Fiscal Year 2017-18, the State Treasurer realized gains from the sale of investments held for the Public School Permanent Fund of $47,277, for the Unclaimed Property Tourism Trust Fund of $48,540 and for the Major Medical Fund of $13,279. For the Treasurer's pooled cash fund, the State Treasurer realized a loss from the sale of investments of $1,189.

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2018 and 2017, the treasurer had $80.9 million and $78.4 million at fair value, respectively, of GOCO's funds on deposit and invested.

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

As provided by State statute, the State Treasurer held $9.4 million of investment in residential mortgages representing payments of property taxes of certain elderly State citizen homeowners that qualify for the Property Tax Deferral Program. The investment is valued based on the outstanding principal and interest currently owed to the State as there is no quoted market price for these investments.

The State Treasurer held Colorado Housing and Finance Authority bonds, a related party, totaling $3.6 million as of June 30, 2018. See Note 18 for additional details.

Excluding fiduciary funds, the State recognized $58.8 million of net realized gains from the sale of investments held by State agencies other than the State Treasurer during Fiscal Year 2017-18.

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

(Amounts in Thousands)

Footnote Amounts	Carrying Amount
Deposits (Note 3)	$ 1,766,120
Investments:	
Governmental Activities	8,932,722
Business-Type Activities	2,930,344
Fiduciary Activities	8,170,709
Plus: Cash in Clearing Accounts	84
Total	$ 21,799,979
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 7,318,215
Add: Warrants Payable Included in Cash	209,865
Total Cash and Pooled Cash	7,528,080
Add: Restricted Cash	1,873,951
Add: Restricted Investments	954,385
Add: Investments	11,443,563
Total	$ 21,799,979

Custodial Credit Risk

The State Treasurer's investment policy requires all securities to be held by the State Treasurer or a third party custodian designated by the Treasurer with each security evidenced by a safekeeping receipt. Certain trustees have selected the State Treasurer's pool as their primary investment vehicle. The Treasurer accounts for the trustees' deposits in agency funds, and the investment types and related risks are disclosed through the Treasurer's pool investments.

Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the State's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the State's name.

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

(Amounts in Thousands)

	Governmental Activities			
	Treasurer's Pool	General Fund	Other Governmental	Total
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Government Securities	$ 1,993,186	$ -	$ 313,681	$ 2,306,867
Commercial Paper	939,581	-	-	939,581
Corporate Bonds	2,776,409	-	324,373	3,100,782
Asset Backed Securities	777,977	-	73,332	851,309
Mutual Funds	783,000	-	1,526	784,526
Other	365,674	184,252	398,950	948,876
SUBTOTAL	7,635,827	184,252	1,111,862	8,931,941
SUBJECT TO CUSTODIAL CREDIT RISK				
Mutual Funds	-	-	781	781
SUBTOTAL	-	-	781	781
TOTAL	$ 7,635,827	$ 184,252	$ 1,112,643	$ 8,932,722

The following table lists the investments of the major enterprise funds, nonmajor enterprise funds in aggregate, and fiduciary funds by investment type at fair value as of June 30, 2018. The University of Colorado, Colorado State University, and the Colorado School of Mines reported investments in the internal pools of their respective foundations. These investments are reported as Investment in Foundation Pool.

(Amounts in Thousands)

	Business-Type Activities			Fiduciary
	Higher Education Institutions	Other Enterprises	Total	Fiduciary
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Government Securities	$ 462,698	$ -	$ 462,698	$ 472
Commercial Paper	1,992	-	1,992	-
Corporate Bonds	190,070	-	190,070	-
Investment in Foundation Pool	428,309	-	428,309	-
Asset Backed Securities	50,324	-	50,324	17,465
Money Market Funds	223,156	-	223,156	769,513
Mutual Funds	796,670	13,344	810,014	7,172,502
Other	374,751	18,522	393,273	188,785
SUBTOTAL	2,527,970	31,866	2,559,836	8,148,737
SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Government Securities	78,401	-	78,401	3,824
Corporate Bonds	127,514	-	127,514	9,744
Investment in Foundation Pool	47,908	-	47,908	-
Asset Backed Securities	32,651	-	32,651	777
Mutual Funds	35,972	-	35,972	-
Other	48,062	-	48,062	7,627
SUBTOTAL	370,508	-	370,508	21,972
TOTAL	$ 2,898,478	$ 31,866	$ 2,930,344	$ 8,170,709

Credit Quality Risk

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

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

The fair value amount of rated and unrated debt securities is detailed in the following table by the lowest known credit quality rating, which shows the Treasurer's Pooled Cash Investments, Higher Education Institutions, Fiduciary Funds, and All Other Funds in the aggregate. The credit quality ratings shown are Moody's, Standard and Poor's, and Fitch, respectively.

CREDIT QUALITY RATINGS
(Amounts In Thousands)

Credit Quality Rating	U.S. Govt. Securities	Commercial Paper	Corporate Bonds	Asset Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Other	Total
Treasurer's Pool:								
Long-term Ratings								
Aaa/AAA/AAA	$ 9,672	$ -	$ 64,208	$ 777,977	$ 783,000	$ -	$ 30,787	$ 1,665,644
Aa/AA/AA	881,262	-	833,518	-	-	-	334,888	2,049,668
A/A/A	-	-	1,816,979	-	-	-	-	1,816,979
Baa/BBB/BBB	-	-	61,704	-	-	-	-	61,704
Short-term Ratings								
P1/MIG1/A-1/F-1	-	939,581	-	-	-	-	-	939,581
Total T-Pool	890,934	939,581	2,776,409	777,977	783,000	-	365,675	6,533,576
Higher Education Institutions:								
Long-term Ratings								
Aaa/AAA/AAA	38,352	-	26,556	71,240	254,563	-	4,782	395,493
Aa/AA/AA	71,776	-	28,452	4,294	-	-	15,260	119,782
A/A/A	-	-	111,323	1,767	-	-	298	113,388
Baa/BBB/BBB	-	-	97,337	2,649	-	-	-	99,986
Ba/BB/BB	-	-	4,483	104	-	-	-	4,587
B/B/B	-	-	-	1,101	-	-	-	1,101
Caa/CCC/CCC	-	-	1,234	907	-	-	-	2,141
Ca/D/DDD	-	-	1,101	133	-	-	-	1,234
Short-term Ratings								
P1/MIG1/A-1/F-1	-	1,992	-	-	-	-	-	1,992
Unrated	129,819	-	47,156	780	94	50,410	867	229,126
Total Higher Ed	239,947	1,992	317,642	82,975	254,657	50,410	21,207	968,830
Fiduciary Funds:								
Long-term Ratings								
Aaa/AAA/AAA	-	-	117	17,734	-	-	295	18,146
Aa/AA/AA	995	-	1,387	-	-	-	844	3,226
A/A/A	-	-	4,650	-	-	-	157	4,807
Baa/BBB/BBB	-	-	3,462	-	-	-	-	3,462
Unrated	2,829	-	128	508	5,046,373	2,874,960	167,380	8,092,178
Total Fiduciary	3,824	-	9,744	18,242	5,046,373	2,874,960	168,676	8,121,819
All Other Funds:								
Long-term Ratings								
Aaa/AAA/AAA	-	-	21,762	73,332	1,526	-	-	96,620
Aa/AA/AA	78,318	-	122,294	-	781	-	149,642	351,035
A/A/A	-	-	138,020	-	-	-	-	138,020
Baa/BBB/BBB	-	-	42,297	-	-	-	-	42,297
Short-term Ratings								
P1/MIG1/A-1/F-1	500	-	-	-	-	-	-	500
Unrated	-	-	-	-	7,407	6,170	12,991	26,569
Total Other	78,818	-	324,373	73,332	9,714	6,170	162,633	655,041
Total	$ 1,213,523	$ 941,573	$ 3,428,168	$ 952,526	$ 6,093,744	$ 2,931,540	$ 718,191	$ 16,279,266

Interest Rate Risk

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

State statute requires the State Treasurer to formulate investment policies regarding liquidity, maturity, and diversification for each fund or pool of funds in the State Treasurer's custody. The State Treasurer's formal investment policy requires a portion of the investment pool to have a maximum maturity of one year and the balance of the pool to have maximum maturity of five years. The policy also sets maturity limits for the Unclaimed Property Tourism Promotion Trust Fund (1 - 30 years). The policy also mitigates interest rate risk through the use of maturity limits delineated to meet the needs of each funds and the use of active management to react to changes in the yield curve, economic forecasts, and the liquidity needs of the fund.

The following table shows the weighted average maturity and fair value amount for those investments managed using the weighted average maturity measure.

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

Investment Type	Treasurer's Pool Fair Value Amount	Treasurer's Pool Weighted Average Maturity	Higher Education Institutions Fair Value Amount	Higher Education Institutions Weighted Average Maturity	Fiduciary Funds Fair Value Amount	Fiduciary Funds Weighted Average Maturity	All Other Funds Fair Value Amount	All Other Funds Weighted Average Maturity
U.S. Government Securities	$ 1,993,186	1.078	$ 664,416	7.771	$ 10,155	2.288	$ 308,681	11.626
Commercial Paper	939,581	0.079	1,992	0.109	-	-	-	-
Corporate Bonds	2,776,409	2.675	313,387	7.957	9,744	2.661	324,373	6.649
Asset Backed Securities	778,558	2.299	82,975	9.371	777	0.074	240,498	4.832
Money Market Mutual Funds	783,000	-	-	-	769,344	0.121	-	-
Other	365,093	0.270	20,684	6.596	1,001	0.157	3,116	2.000
Total Investments	$ 7,635,827		$ 1,083,454		$ 791,021		$ 876,668	

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

The CollegeInvest program has investments reported in the College Savings Plan, a Private Purpose Trust Fund. CollegeInvest uses duration to manage the interest rate risk of selected mutual funds in the College Savings Plan. CollegeInvest's Private Purpose Trust Fund holds inflation protected bond mutual funds for $300.0 million with a duration of 8.3 years and a short-term inflation protected securities index fund for $53.7 million with a duration of 2.6 years. These securities are excluded from the duration table below because interest rate risk is effectively mitigated by the inflation protection attribute of the funds.

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
Enterprise Funds:		
Higher Education Institutions:		
Colorado School of Mines:		
Bond Mutual Fund-1	$ 1,447	6.500
Bond Mutual Fund-2	669	3.600
Bond Mutual Fund-3	992	0.800
Colorado Mesa University:		
U.S. Government Securities	$ 551	3.574
Corporate Bonds	1,147	3.784
Bond Mutual Fund	189	4.100
Money Market Funds	45	0.003
Other	522	4.612
Private Purpose Trust Funds:		
CollegeInvest:		
Bond Mutual Fund-1	$ 917,975	8.600
Bond Mutual Fund-2	768,133	7.100
Bond Mutual Fund-3	477,429	2.000
Bond Mutual Fund-4	243,413	6.800
Bond Mutual Fund-5	58,614	4.400
Bond Mutual Fund-6	50,694	8.600
Bond Mutual Fund-7	4,988	3.600

Foreign Currency Risk

State statute requires the State Treasurer to invest in domestic fixed income securities and does not allow foreign currency investments.

Concentration of Credit Risk

The State Treasurer's formal investment policy sets minimum and maximum holding percentages for each investment type for the investment pool and for the Unclaimed Property Tourism Promotion Trust Fund. The pool and the Unclaimed Property Tourism Promotion Trust Fund may be 100 percent invested in U.S. Treasury securities with more restrictive limits (ranging from 5 percent to 80 percent) set for the other allowed investment types. For the pool and the Unclaimed Property Tourism Promotion Trust Fund, the policy sets maximum concentrations in an individual issuer for certain investment types.

Unrealized Gains and Losses

Unrealized gains and losses are a measure of the change in fair value of investments (including investments underlying pooled cash) from the end of the prior fiscal year to the end of the current fiscal year. Unrealized gains are not identified as a separate component of fund balance. The following schedule shows the State's net unrealized gains and (losses) for all funds by fund category.

(Amounts in Thousands)

	Fiscal Year 2017-18	Fiscal Year 2016-17
Governmental Activities:		
Major Funds		
General - General Purpose	$ (13,661)	$ (4,898)
General - Special Purpose	(7,666)	(3,892)
Resource Extraction	(8,703)	(5,845)
Highway Users Tax	(7,062)	(5,465)
Capital Projects-Regular	(854)	(2,070)
Capital Projects-Special	(1,428)	(36)
State Education	(2,713)	(2,142)
NonMajor Funds:		
State Lands	(31,100)	(23,461)
Other Permanent Trusts	(145)	(65)
Labor	(1,485)	(1,526)
Gaming	(1,546)	(851)
Tobacco Impact Mitigation	(1,159)	(890)
Resource Management	(72)	(99)
Environment Health Protection	(1,331)	(869)
Other Special Revenue	(5,672)	(2,925)
Unclaimed Property	(8,415)	(6,081)
Information Technology	(360)	(178)
Administrative Courts	(16)	(8)
Legal Services	(106)	(42)
Other Internal Service	(6)	(2)
Business-Type Activities:		
Major Funds		
Higher Education Institutions	55,597	123,010
Unemployment Insurance	(5)	(3)
Lottery	(553)	(354)
Healthcare Affordability	(458)	
NonMajor Funds:		
CollegeInvest	(712)	(580)
Wildlife	(1,734)	(958)
College Assist	(1,979)	(883)
State Fair Authority	(13)	-
Correctional Industries	(45)	(36)
State Nursing Homes	(294)	(125)
Prison Canteens	(104)	(43)
Petroleum Storage Tank	(108)	(23)
Transportation Enterprise	(2,803)	(1,796)
Other Enterprise Activities	(180)	(35)
Fiduciary:		
Pension/Benefits Trust	(878)	(35)
Private Purpose Trust	(125,746)	422,254
	$ (173,515)	$ 479,048

Fair Value Measurements

To the extent available, the State's investments are recorded at fair value as of June 30, 2018. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments – values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.

Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset (or liability), either directly or indirectly.

Level 3 Investments – classified as Level 3 have unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

The following table summarizes the State's investments within the fair value hierarchy at June 30, 2018:

(Amounts in Thousands)

		Fair Value Measurements Using		
	Fair Value as of 6/30/2018	Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Government Securities	$ 2,852,262	$ 2,121,241	$ 728,906	$ 2,115
Commercial Paper	941,572	-	941,572	-
Corporate Bonds	3,428,110	87,771	3,309,634	30,705
Investment in Foundation Pool	476,218	-	-	476,218
Asset Backed Securities	952,525	2,133	949,578	814
Mutual Funds	8,803,795	8,800,786	2,795	214
Money Market Funds	769,557	769,388	-	169
Other	1,336,430	227,692	643,874	464,864
Total	$ 19,560,469	$ 12,009,011	$ 6,576,359	$ 975,099

On June 30, 2018, the University of Colorado held an investment in an equity trust. The fair value of this investment is not disclosed on the above table as its value of $244.4 million was calculated as the University's Net Asset Value (NAV) per share in the equity trust. The assets held by the trust could be sold at an amount different than the NAV per share due to the liquidation policies in the trust's investor agreements. Redemption frequencies for these funds range from one to 30 days and there were no unfunded commitments as of June 30, 2018.

The University of Colorado also held investments in a guaranteed investment agreement with a contract value of $5.2 million and private equities with a cost value of $650 thousand, which are not included in the table above.

It is the State's policy to report money market fund investments at fair market value unless the institution managing the investment reports its value at amortized cost. At June 30, 2018, the University of Colorado held $223.1 million of money market funds valued at amortized cost; this investment is also not reflected on the table above.

Treasurer's Investment Pool

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

NOTE 5 – CAPITAL ASSETS

During Fiscal Year 2018, the State capitalized $24.6 million of interest incurred during the construction of capital assets. The majority of this capitalized interest was for the Department of Transportation's Bridge Enterprise of $14.0 million, and the High Performance Transportation Enterprise of $2.3 million. The remainder was mostly attributable to Institutions of Higher Education of $8.4 million.

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

(Amounts in Thousands)

GOVERNMENTAL ACTIVITIES		Depreciation Amount
General Government	$	51,705
Business, Community and Consumer Affairs		2,302
Education		36,568
Health and Rehabilitation		8,929
Justice		50,914
Natural Resources		2,269
Social Assistance		23,409
Transportation		358,951
Internal Service Funds (Charged to programs and BTAs based on usage)		0
Total Depreciation Expense - Governmental Activities		535,047
BUSINESS-TYPE ACTIVITIES		
Higher Education Institutions		434,554
Other Enterprise Funds		33,588
Unemployment Insurance		2,379
State Lottery		176
Total Depreciation Expense - Business-Type Activities		470,697
Total Depreciation Expense Primary Government	$	1,005,744

The schedule on the following page shows the capital asset activity during Fiscal Year 2018. The schedule shows that $683.5 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $869.3 million of construction in progress were completed and added to capital assets for Business Type activities. These amounts are net of additions.

(Amounts in Thousands)	Beginning Balance	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	116,146	$ 1,701	$ -	$ (30)	$ 117,817
Land Improvements	7,374	81	-	-	7,455
Collections	11,030	-	-	(52)	10,978
Other Capital Assets	2,136	-	-	-	2,136
Construction in Progress (CIP)	926,510	579,763	(713,854)	(20,556)	771,863
Infrastructure	978,616	-	25,420	-	1,004,036
Total Capital Assets Not Being Depreciated	2,041,812	581,545	(688,434)	(20,638)	1,914,285
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	58,365	538	-	-	58,903
Buildings	3,229,813	27,072	147,057	(17,319)	3,386,623
Software	481,643	4,858	17,522	(2,239)	501,784
Vehicles and Equipment	945,009	84,377	11,043	(53,246)	987,183
Library Materials and Collections	6,013	361	-	(105)	6,269
Other Capital Assets	37,343	29	-	-	37,372
Infrastructure	11,671,381	837	512,812	(4,082)	12,180,948
Total Capital Assets Being Depreciated	16,429,567	118,072	688,434	(76,991)	17,159,082
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(34,359)	(2,341)	-	-	(36,700)
Buildings	(1,038,589)	(85,551)	-	(622)	(1,124,762)
Software	(233,752)	(41,153)	-	930	(273,975)
Vehicles and Equipment	(589,000)	(70,393)	-	51,498	(607,895)
Library Materials and Collections	(4,406)	(403)	-	105	(4,704)
Other Capital Assets	(36,211)	(513)	-	-	(36,724)
Infrastructure	(4,455,461)	(334,681)	-	1,100	(4,789,042)
Total Accumulated Depreciation	(6,391,778)	(535,035)	-	53,011	(6,873,802)
Total Capital Assets Being Depreciated, net	10,037,789	(416,963)	688,434	(23,980)	10,285,280
TOTAL GOVERNMENTAL ACTIVITIES	12,079,601	164,582	-	(44,618)	12,199,565
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	589,204	4,878	1,765	3,951	599,798
Land Improvements	16,882	-	-	(21)	16,861
Collections	28,171	1,160	-	-	29,331
Construction in Progress (CIP)	1,215,125	808,154	(900,270)	(28,872)	1,094,137
Other Capital Assets	15,461	-	-	-	15,461
Infrastructure	56,945	1,441	29,161	-	87,547
Total Capital Assets Not Being Depreciated	1,921,788	815,633	(869,344)	(24,942)	1,843,135
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	743,523	5,728	68,745	(7,988)	810,008
Buildings	8,982,706	19,019	755,988	(25,894)	9,731,819
Software	219,308	5,551	1,357	(9,719)	216,497
Vehicles and Equipment	1,149,537	89,750	12,746	(51,066)	1,200,967
Library Materials and Collections	577,192	20,280	-	(3,232)	594,240
Other Capital Assets	4,146	-	-	(376)	3,770
Infrastructure	997,048	837	30,508	-	1,028,393
Total Capital Assets Being Depreciated	12,673,460	141,165	869,344	(98,275)	13,585,694
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(396,372)	(33,162)	-	7,825	(421,709)
Buildings	(3,245,220)	(297,225)	-	20,530	(3,521,915)
Software	(177,776)	(12,404)	-	7,343	(182,837)
Vehicles and Equipment	(836,773)	(87,124)	-	44,851	(879,046)
Library Materials and Collections	(442,361)	(22,524)	-	3,232	(461,653)
Other Capital Assets	(1,819)	(129)	-	163	(1,785)
Infrastructure	(70,281)	(18,129)	-	-	(88,410)
Total Accumulated Depreciation	(5,170,602)	(470,697)	-	83,944	(5,557,355)
Total Capital Assets Being Depreciated, net	7,502,858	(329,532)	869,344	(14,331)	8,028,339
TOTAL BUSINESS-TYPE ACTIVITIES	9,424,646	486,101	-	(39,273)	9,871,474
TOTAL CAPITAL ASSETS, NET	$ 21,504,247	$ 650,683	$ -	$ (83,891)	$ 22,071,039

NOTE 6 – DEFINED BENEFIT PENSIONS

Recent Legislation

The following disclosures regarding the PERA defined benefit pension plan do not reflect changes to plan provisions required by recent legislation since the changes were not effective at the December 31, 2017 measurement date. Refer to sections in this note titled C*hanges Between the Measurement Date of the Net Pension Liability and the Date of this Report* and *Special Funding Situation – PERA Defined Benefit* for additional information.

Summary of Pension Plans and Significant Accounting Policies

The State of Colorado participates in the following two pension plans:

- A cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA").

- University of Colorado – Alternate Medicare Plan

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense are determined and reported using the economic resources measurement focus and the accrual basis of accounting in accordance with Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*.

PERA Defined Benefit - General Information about the Pension Plan

Eligible employees of the State of Colorado are provided with pensions through either the State Division Trust Fund (SDTF) or the Judicial Division Trust Fund (JDTF) — both being trusts related to cost-sharing multiple-employer defined benefit pension plans 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.

Benefits provided as of December 31, 2017. 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 forth 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.

As of December 31, 2017, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, 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 SDTF and the JDTF.

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. State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. The five-year requirement is not applicable to active judges. 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.

Contributions provisions as of June 30, 2018: Eligible employees and the State of Colorado are required to contribute to the SDTF or the JDTF, as applicable, at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq*. Eligible employees with the exception of State Troopers are required to contribute 8 percent of their PERA-includable salary. Eligible employees who are State Troopers are required to contribute 10 percent of their PERA-includable salary. The employer contribution requirements for all employees except State Troopers are summarized in the table below:

As of June 30, 2018	
Employer contribution rate[1]	10.15%
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 SDTF[1]	9.13%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Total employer contribution rate to the SDTF[1]	19.13%

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

Employer contribution requirements for the SDTF for State Troopers are summarized in the table below:

As of June 30, 2018	
Employer contribution rate[1]	12.85%
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 SDTF[1]	11.83%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Total employer contribution rate to the SDTF[1]	21.83%

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

Employer contribution requirements for the JDTF are summarized in the following table:

As of June 30, 2018	
Employer contribution rate[1]	13.66%
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 JDTF[1]	12.64%
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 JDTF[1]	16.34%

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

Employer contributions are recognized by the SDTF and the JDTF in the period in which the compensation becomes payable to the member and the State of Colorado is statutorily committed to pay the contributions to the SDTF and the JDTF. Employer contributions recognized by the SDTF and the JDTF from the State of Colorado were $541.3 million and $7.8 million, respectively, for the year ended June 30, 2018.

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

At June 30, 2018, the State of Colorado reported a total liability of $19.3 billion for its proportionate share of the net pension liabilities of the SDTF and the JDTF. The net pension liability for the SDTF and the JDTF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total pension liability to December 31, 2017. The State of Colorado's proportion of the net pension liability was based on the State of Colorado's contributions to the SDTF and the JDTF for the calendar year 2017 relative to the total contributions of participating employers to each trust fund.

At December 31, 2017, the State of Colorado's proportion of the SDTF was 95.37 percent, which was a decrease of .12%, and 93.99% of the JDTF, which was a decrease of .17%, from the proportion of each trust measured as of December 31, 2016. For the year ended June 30, 2018, the State of Colorado recognized pension expense of $4.4 billion related to both PERA trust funds.

At June 30, 2018, the State of Colorado reported deferred outflows of resources and deferred inflows of resources for the SDTF related to pensions from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 297,710	$ -
Changes of assumptions or other inputs	3,316,415	-
Net difference between projected and actual earnings on pension plan investments	7,066	725,777
Changes in proportion and differences between contributions recognized and proportionate share of contributions	116,351	134,996
Contributions subsequent to the measurement date	270,483	N/A
Total	$ 4,008,025	$ 860,773

$270.5 million reported as deferred outflows of resources related to pensions for the SDTF, 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	(Amounts in thousands)
2019	$2,858,687
2020	558,403
2021	(267,101)
2022	(273,246)
2023	-
Thereafter	-

At June 30, 2018, the State of Colorado reported deferred outflows of resources and deferred inflows of resources for the JDTF related to pensions from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 26,475	$ 1
Changes of assumptions or other inputs	30,701	10,675
Net difference between projected and actual earnings on pension plan investments	-	15,466
Changes in proportion and differences between contributions recognized and proportionate share of contributions	329	242
Contributions subsequent to the measurement date	3,884	N/A
Total	$ 61,389	$ 26,384

$3.9 million reported as deferred outflows of resources related to pensions for the JDTF, 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	(Amounts in thousands)
2019	$20,500
2020	13,191
2021	3,010
2022	(5,579)
2023	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division Trust Fund	Judicial Divison Trust Fund
Actuarial cost method	Entry age	Entry age
Price inflation	2.40 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent
Wage inflation	3.50 precent	3.50 precent
Salary increases, including wage inflation	3.50 - 9.17 percent	4.00 - 5.00 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent
Discount rate	5.26 percent	5.18 percent
Post-retirement benefit increases:		
PERA benefit structure hired prior to 1/1/07	2.00 percent	2.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

Discount rates of 4.72 percent and 5.41 percent were used for the SDTF and the JDTF, respectively, in the roll-forward calculation of the total pension liability to the measurement date of December 31, 2017.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

For the SDTF, healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For the JDTF, healthy, post-retirement mortality assumptions reflect the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumptions for the SDTF and the JDTF, including long-term historical data, estimates inherent in current market data, and 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 adoption of the long-term expected rate of return by the PERA Board, the target asset 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	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 4.72 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 3.50%.

- 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 and effective as of the measurement date, 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 assumptions and methods, the projection test indicates the SDTF's fiduciary net position was projected to be depleted in 2038 and, as a result, the municipal bond index rate was used in the determination of the discount rate. The long-term expected rate of return of 7.25 percent on pension plan investments was applied to periods through 2038 and the municipal bond index rate, the December average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer, was applied to periods on and after 2038 to develop the discount rate. For the measurement date, the municipal bond index rate was 3.43 percent, resulting in a discount rate of 4.72 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.86 percent were used in the discount rate determination resulting in a discount rate of 5.26 percent, 0.54 percent higher compared to the current measurement date.

Sensitivity of the State of Colorado's proportionate share of the net pension liability to changes in the discount rate. The table below presents the proportionate share of the net pension liability for the SDTF calculated using the discount rate of 4.72 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 (3.72 percent) or 1-percentage-point higher (5.72 percent) than the current rate:

(Amount in Thousands)	1% Decrease (3.72%)	Current Discount Rate (4.72%)	1% Increase (5.72%)
Proportionate share of the net pension liability	$23,750,673	$19,091,079	$15,265,838

The table below presents the proportionate share of the net pension liability for the JDTF calculated using the discount rate of 5.41 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 (4.41 percent) or 1-percentage-point higher (5.41 percent) than the current rate:

(Amount in Thousands)	1% Decrease (4.41%)	Current Discount Rate (5.41%)	1% Increase (6.41%)
Proportionate share of the net pension liability	$280,498	$218,139	$165,120

Pension plan fiduciary net position. Detailed information about the SDTF'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.

Changes Between the Measurement Date of the Net Pension Liability and the Date of this Report

During the 2018 legislative session, the Colorado General Assembly enacted pension reform through SB 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years.* The bill was signed into law on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability of the division trust funds within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

- Requires annual recurring $225 million direct distributions from the State Treasury to PERA beginning July 1, 2018. The annual direct distributions will be allocated by PERA to the State Division Trust Fund, the Judicial Division Trust Fund, the School Division Trust Fund, and the Denver Public Schools Division Trust Fund. The allocation to these trusts will be based on the proportionate amount of annual payroll associated with these four division trust funds.

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.

- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.

- Expands eligibility to participate in the PERA DC Plan to new members hired on or after January 1, 2019, who are classified college and university employees in the State Division. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the SDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

Special Funding Situation – PERA Defined Benefit

The annual direct distributions noted above create a special funding situation in accordance with the requirements of Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*. In future fiscal years, the special funding situation is expected to have a significant effect on the State of Colorado's proportionate share of collective net pension liabilities, pension expense, and expense to aid other governments. The extent of the effect is not known.

University of Colorado - Alternate Medicare Plan

The University provides an Alternate Medicare Plan (AMP) to retirees aged 65 and over. The AMP was established by the University who also administers and has the authority to amend benefits. The AMP is available to the employee and eligible spouse/same gender domestic partner. Coverage is not provided for dependent children. The AMP is a single-employer defined benefit pension plan. The AMP provides a monthly cash payment of approximately $154 for a retiree, approximately $262 for a retiree plus spouse/same gender domestic partner, and approximately $108 for a surviving spouse, to offset medical plan costs for non-university Medicare Risk or Medicare-Eligible plan. No retiree contribution is permitted. As these monthly cash payments are not restricted as to use, they are considered a pension rather than a postemployment benefit. The University adopted the provisions of GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, as amended* (Statement No. 73) in fiscal year 2017.

Funded Status and Funding Progress. There are no assets accumulating in a trust for the AMP as the University funds this program on a pay-as-you-go basis. The University contributed $1,566,000 for the year ended June 30, 2018. The actuarial valuation for the fiscal year ending June 30, 2018 had a measurement date of June 30, 2017. Based on March 1, 2017 census data, there were 12,410 participants in the AMP plan, with 11,833 active employees and 577 retirees. In addition to the retirees in payment status, there were 204 retirees receiving benefits through the OPEB plan who are eligible for AMP benefit upon reaching Medicare eligibility. The University recognized $5,426,000 of AMP expense in fiscal year 2018. The following table details the changes in the AMP liability.

Reconciliation of AMP Liability (in thousands)	Fiscal Year Ending June 30
	2018
AMP liability, beginning of year	$ 74,723
Cumulative effect of adoption of new accounting principle	-
Contributions made subsequent to the measurement date	-
Changes recognized for the fiscal year:	
Service cost	4,262
Interest on total AMP liability	2,231
Difference between expected and actual experience	(3,377)
Changes of assumption	(3,180)
Estimated benefit payments	(1,448)
Net changes	(1,512)
AMP liability, end of year	$ 73,211

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about retirement rates, withdrawal rates, mortality rates, and participation rates. The entry age normal actuarial cost method is used. The discount rate used in the valuation is 3.60 percent as of the June 30, 2017 measurement date, and 2.85 percent as of the June 30, 2016 measurement date, and is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73 percent factor applied to the rates for ages below 80 and a 108 percent factors applied to the rates for ages 80 and above, projected to 2018 using the MP-2015 projection scale for males, and a 78 percent factor applied to the rates for ages below 80 and a 109 percent factor applied to the rates for ages 80 and above, projected to 2020 using the MP-2015 projection scale for females.

The valuation reflects the following assumption changes from the June 30, 2016 measurement date to the June 30, 2017 measurement date:

- Interest rate changed from 2.85 percent to 3.60 percent
- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females
- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females
- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:
    - Mortality rates
    - Withdrawal rates

The following table illustrates the impact of interest rate sensitivity on the AMP liability.

Sensitivity to AMP Liability (in thousands)			
Fiscal Year Ending June 30	1% Increase (4.6%)	Current Rate (3.6%)	1% Decrease (2.6%)
2018	$ 62,639	73,211	86,429

The following table illustrates the deferred outflows and inflows of resources as of June 30, 2018.

AMP Deferred Outflows and Inflows (in Thousands)	2018	
	Deferred Outflows	Deferred Inflows
Changes in assumptions	$ 8,411	2,806
Differences between expected and actual experience	-	3,057
Contributions subsequent to the measurement date	1,566	-
Total	$ 9,977	$ 5,863

Between the June 30, 2017 measurement date of the total AMP liability and the University's June 30, 2018 reporting date, the University made contributions of $1,566,000 during fiscal year 2018, that impacted the total AMP liability and were treated as a deferred outflow of resources.

The following table lists the amortization bases included in the deferred outflows and inflows of resources.

Amortization of AMP Deferred Outflows and Inflows (in Thousands)		Period		Balance		Annual
		Original	Remaining	Original	Remaining	Amortization
July 1, 2016	Difference between expected and actual experience	8.5	6.5	(101)	(77)	(12)
July 1, 2016	Changes in assumptions	8.5	6.5	10,999	8,411	1,294
July 1, 2017	Difference between expected and actual experience	8.5	7.5	(3,377)	(2,980)	(397)
July 1, 2017	Changes in assumptions	8.5	7.5	(3,180)	(2,806)	(374)
	Total Changes			$ 4,341	2,548	511

The deferred outflow from contributions subsequent to the measurement date of $1,566,000 will be recognized as a reduction to the AMP liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows related to the AMP liability will be recognized in AMP expense as summarized in the following table.

Future Amortization of AMP Deferred Outflows and Inflows (in thousands)	
Years ending June 30:	
2019	$ 511
2020	511
2021	511
2022	511
2023	511
2024-2024	(7)
	$ 2,548

Component Units

Refer to Note 22 for information on the Colorado Water Resources and Power Development Authority's participation in the pension plan described above. The activity and balances related to the Authority's participation are not included in the amounts disclosed above.

Note 7 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

Summary of OPEB Plans and Significant Accounting Policies

The State of Colorado participates in the following OPEB plans:

- PERA Health Care Trust Fund (HCTF) OPEB

- University of Colorado OPEB
  - Healthcare and Life Insurance Subsidy

- Colorado State University OPEB
  - Retiree Medical Premium Refund Plan for DCP Participants
  - Retiree Medical Premium Subsidy for PERA Participants
  - Retiree Umbrella Rx Plan for PERA Participants
  - Long-Term Disability Plan

The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined using the economic resources measurement focus and the accrual basis of accounting in accordance with Statement No. 75 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

General Information about the PERA HCTF OPEB

Plan description. Eligible employees of the State of Colorado are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. 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.

Benefits provided. The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid. Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions. Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the State of Colorado is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the State of Colorado were $29.3 million for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the State of Colorado reported a liability of $438.1 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. The State of Colorado proportion of the net OPEB liability was based on June 30, 2018 contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the State of Colorado's proportion was 33.71 percent, which was a decrease of .12 percent from its proportion measured as of December 31, 2016.

For the year ended June 30, 2018, the State of Colorado recognized OPEB expense of $34.2 million. At June 30, 2018, the State of Colorado reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,072	$ -
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on pension plan investments	0	7,330
Changes in proportion and differences between contributions recognized and proportionate share of contributions	4,782	5,592
Contributions subsequent to the measurement date	14,441	N/A
Total	$ 21,295	$ 12,922

$14.4 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	(Amounts in thousands)
2019	($1,585)
2020	(1,585)
2021	(1,585)
2022	(1,585)
2023	247
Thereafter	21

Actuarial assumptions. The total OPEB liability in the December 31, 2016 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.

- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.

- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.

- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the "No Part A Subsidy" when they retire were revised to more closely reflect actual experience.

- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the "No Part A Subsidy" but have not reached age 65, were revised to more closely reflect actual experience.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

- The rates of PERAcare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.

- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and 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 adoption of the long-term expected rate of return by the PERA Board, the target asset 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	30 Year Expected Geometric Real Rate of Return
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25%.

Sensitivity of the State of Colorado's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

(Amounts in thousands)	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	$426,058	$438,113	$452,631

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 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:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.

- 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 3.50%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.

- 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.

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits 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 assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity of the State of Colorado's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

(Amount in Thousands)	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the OPEB liability	$492,576	$438,113	$391,626

OPEB plan fiduciary net position. Detailed information about the HCTF'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.

University of Colorado OPEB

The University-administered single-employer postemployment benefit (non-pension) program, was established by the Regents who have the authority to amend the program provisions. Under this program, the University subsidizes a portion of healthcare and life insurance premiums on a pay-as-you-go basis. This program does not issue a separate financial report.

Funded Status and Funding Progress. There are no assets accumulating in a trust for the University's OPEB plan. The University contributed $19,304,000 for the fiscal year ended June 30, 2018.

The actuarial valuation for the fiscal year ending June 30, 2018 had a measurement date of June 30, 2017. Based on the March 1, 2017 participant data, there were 19,146 participants in the medical/dental plan, with 17,143 active employees and 2,003 retirees and beneficiaries, and 23,984 participants in the life insurance plan, with 20,315 active employees and 3,669 retirees and beneficiaries.

The University recognized $59,631,000 in OPEB expense in fiscal year 2018. The table below provides the details regarding the University's total OPEB plan liability from June 30, 2017 to June 30, 2018.

Reconciliation of University's OPEB Liability *(in thousands)*

	Total OPEB Liability	
Balance recognized at June 30, 2017	$	343,570
Cumulative effect of adoption of new accounting principles		459,516
Contributions made subsequent to the measurement date		17,211
Changes recognized for the fiscal year:		
Services cost		53,099
Interest on total OPEB liability		24,648
Differences between expected and actual experience		(87,654)
Changes of assumption		(46,406)
Benefit payments		(17,211)
Net changes		(73,524)
Balance recognized at June 30, 2018 (based on June 30, 2017 measurement date)	$	746,773

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal actuarial cost method is used. The discount rate used in the valuation is 3.60 percent as of the June 30, 2017 measurement date, and 2.85 percent as of the June 30, 2016 measurement date, and is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The healthcare trend assumption reflects healthcare cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests a 7.0 percent long-term average increase for medical benefits, and an 11 percent increase for prescriptions, both trending down to an ultimate 4.5 percent increase for 2027 and later years. The dental trend rate is 4.00 percent, and the administrative expenses trend rate is 3.00 percent. The RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73 percent factor applied to the rates for ages below 80 and a 108 percent factors applied to the rates for ages 80 and above, projected to 2018 using the MP-2015 projection scale for males, and a 78 percent factor applied to the rates for ages below 80 and a 109 percent factor applied to the rates for ages 80 and above, projected to 2020 using the MP-2015 projection scale for females.

The valuation reflects the following assumption changes from the June 30, 2016 measurement date to the June 30, 2017 measurement date:

- Interest rate changed from 2.85 percent to 3.60 percent
- Health care trend rates were changed as noted above and detailed in the actuarial report
- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females
- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females for PERA participants
- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:
    - Mortality rates
    - Withdrawal rates
    - Retirement rates (apply to PERA participants only)

The following table illustrates the impact of interest rate sensitivity on the University's total OPEB liability for the fiscal year ending June 30, 2018.

Sensitivity of University's Total OPEB Liability *(in thousands)*

	1% Increase (4.60%)	Discount Rate (3.6%)	1% Decrease (2.60%)
1% decrease	552,706	630,561	725,579
Health Care Trend Rates	647,343	746,773	869,745
1% increase	767,054	895,755	1,057,191

Deferred outflows and inflows of resources as of June 30, 2018 are as follows:

University's OPEB Deferred Outflows and Inflows *(in thousands)*

	2018	
	Deferred Outflows	Deferred Inflows
Liability experience	-	75,809
Assumption changes	-	40,135
Contributions subsequent to the measurement dat	19,304	-
Total	19,304	115,944

Between the June 30, 2017 measurement date of the University's total OPEB liability and the University's June 30, 2018 reporting date, the University made contributions of $19,304,000 during fiscal year 2018 that impacted the total OPEB liability and were treated as a deferred outflow of resources.

The following table lists the amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2018.

Amortization of University's OPEB Deferred Outflows and Inflows *(in thousands)*

Date Established	Type of Base	Period Original	Period Remaining	Balance Original	Balance Remaining	Annual Amortization
July 1, 2017	Liability experience	7.4	6.4	$ (87,654)	(75,809)	(11,845)
July 1, 2017	Assumption change	7.4	6.4	(46,406)	(40,135)	(6,271)
	Total Charges			$ (134,060)	(115,944)	(18,116)

The deferred outflow from contributions subsequent to the measurement date of $19,304,000 will be recognized as a reduction to the University's OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows related to the University's OPEB liability will be recognized in OPEB expense as summarized in the following table.

Future Amortization of University's OPEB Deferred Outflows and Inflows *(in thousands)*

Years ending June 30:	
2019	$ (18,116)
2020	(18,116)
2021	(18,116)
2022	(18,116)
2023	(18,116)
2024-2025	(25,364)
Total	$ (115,944)

Prior to the adoption of Statement No. 75, the University only recorded a liability for the annual required contribution (ARC) not funded. As of June 30, 2017, based on the July 1, 2016 actuarial valuation, the unfunded actuarial accrued liability was $625,035,000. For the year ended June 30, 2017, the annual OPEB cost was $69,366,000. The University contributed $14,929,000, which was 21.5 percent of the annual OPEB cost. The net OPEB obligation was $343,570,000. The actuarial method used was the projected unit credit cost method and the discount rate used was 4.5 percent. The UAAL was being amortized straight-line over a closed period of 30 years. The following table presents changes in the University's OPEB plan for the year ended June 30, 2017.

University's OPEB *(in thousands)*

	2017
Annual required contribution (ARC)	$ 74,105
Interest on net obligation	13,011
Adjustment to ARC	(17,750)
Annual OPEB expense	69,366
Estimated benefit payments	(14,929)
Increase in OPEB	54,437
Beginning of year	289,133
End of year	$ 343,570

Colorado State University OPEB

Summary of Significant Accounting Policies

The net OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the OPEB Trust have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of healthcare participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

The financial statements for the irrevocable trust, included in the basic financial statements section, have been prepared using the accrual basis of accounting. Plan members' contributions will be recognized in the period in which the contributions are due. Employee contributions to each plan will be recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair market value and administrative costs are direct expenditures of the plan.

Plan Descriptions

CSU contributes to three single-employer defined benefit healthcare plans: CSU Retiree Medical Premium Refund Plan for DCP Participants (DCP Refund), CSU Retiree Medical Premium Subsidy for PERA Participants (PERA Subsidy), and the CSU Retiree Umbrella Rx Plan for PERA Participants (Rx Subsidy). Each plan provides premium support or medical benefits to eligible retired CSU faculty and nonclassified employees with the Rx Subsidy extending benefit coverage to spouses and dependents that elect to participate. CSU also has a self-insured Long-Term Disability Plan (LTD or LTD Income Replacement). This plan provides income replacement after the 91st consecutive calendar day of total disability. Benefit provisions for each of the plans are established and amended through the Board of Governors of the Colorado State University System.

Membership of each plan consisted of the following as of June 30, 2018 (dollars in thousands):

	DCP Refund	PERA Subsidy	Rx Subsidy	LTD Income Replacement
Active plan members	4,696	167	167	5,342
Former employees receiving income replacement	-	-	-	26
Retirees receiving a subsidy	505	497	372	-
Retirees eligible for a subsidy but not yet receiving one	58	167	167	-
Total	5,259	831	706	5,368

CSU Retiree Medical Premium Refund Plan for DCP Participants

Employees who retire from the University at age 55 with 20 or more years of service or age 60 with 5 or more years of service are eligible for this benefit. For eligible retirees with 20 or more years of service, CSU pays a healthcare premium refund of the lesser of $200 per month or the actual cost of the retiree's (not including dependents) health insurance. Benefits are prorated for service between 5 and 20 years. DCP Refund participants include employees who were hired after April 1, 1993, who have no previous participation in PERA or have less than one year of participation in PERA or employees with at least one year of previous participation in PERA who elect to enroll in DCP Refund at the time of appointment. DCP Refund participants also include certain employees hired prior to April 19, 1993 who made a one-time, irrevocable election at the time of implementation to terminate participation in PERA and join DCP Refund. DCP Refund is administered by HealthSmart.

On an annual basis, funds equal to the actuarially determined contribution (ADC), provided by the actuarial valuation, are transferred to the irrevocable trust. The funds available to cover the plan benefits were $46.0 million the fiscal year ended June 30, 2018. No funds were provided for the benefit of the program for fiscal year ended June 30, 2018. Total amounts paid to retirees for this healthcare subsidy were $966 thousand for the fiscal year ended June 30, 2018.

CSU Retiree Medical Premium Subsidy for PERA Participants

University faculty and nonclassified staff participating in the PERA retirement plan who meet CSU's age and years of service requirements and retire from the University with at least 10 years of University service, are eligible to receive a subsidy. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. The amount of the subsidy for eligible retirees is their out-of-pocket expenses for retiree only coverage or an amount equal to the premium for single coverage under the lowest cost plan available to active faculty and nonclassified staff, whichever is less. The plan is administered by PERA which bills CSU on a monthly basis for the applicable premiums.

On an annual basis, funds equal to the ADC, provided by the actuarial valuation, are transferred to the irrevocable trust. The funds available to cover the plan benefits were $24.8 million and $23.6 million for the fiscal years ended June 30, 2018 and 2017, respectively. The funds contributed to the plan were $1.9 million and $2.0 million for the fiscal years ended June 30, 2018 and 2017, respectively. The benefits paid by the University were $1.6 million and $1.4 million for the fiscal years ended June 30, 2018 and 2017, respectively.

CSU Retiree Umbrella Rx Plan for PERA Participants

The University provides reimbursement for the prescription copayments made by eligible faculty and nonclassified staff who retire from the University under the PERA retirement plan with at least 10 years of service. Retirees have to be age 65 or older or eligible for Medicare and enrolled in the PERA Medicare supplement plan to be eligible for this plan. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. PERA provides a prescription insurance program for retirees enrolled in any medical insurance plan. The PERACare Prescription insurance program covers the cost of prescriptions after the member pays a copay which varies depending on whether the prescription is purchased through a local retail pharmacy or through a mail-order pharmacy, and whether the drug is generic or a brand-name drug. The Umbrella Rx plan reimburses the retiree for the complete cost of the prescription copay less a $10 copay for retail and a $20 copay for mail-order drugs. Spouses and dependents of retirees enrolled in the plan can be covered with the payment of $44 per month for those enrolled in Medicare or $99 per month for those not enrolled in Medicare. The plan is administered by Employee Benefit Management Services, Inc.

On an annual basis, funds equal to the ADC, provided by the actuarial valuation, are transferred to the irrevocable trust. The funds contributed to the plan for the fiscal years ended June 30, 2018 and 2017 were $260 thousand and $264 thousand, respectively. These funds, along with the amounts paid in by participants of $28 thousand in fiscal year 2018, and the related interest income, have resulted in total funds available of $899 thousand and $737 thousand as of fiscal years ended June 30, 2018 and 2017, respectively, for this plan. Plan members were reimbursed $83 thousand and $58 thousand for prescription claims for the fiscal years ended June 30, 2018 and 2017, respectively.

CSU Long-Term Disability Plan

The University contributes to the LTD Income Replacement plan. This plan provides a monthly income replacement benefit which begins on the 91st consecutive calendar day of total disability. The LTD coverage provides the eligible PERA or Federal Retirement Plan participants with up to 60 percent of pre-disability covered monthly salary, not to exceed $6,000 per month, or up to 69 percent of covered monthly salary, not to exceed $6,900 per month for DCP Refund participants. The income replacement benefit will increase three percent annually. The plan is offset by any other benefits or earnings received or eligible to be received from other sources such as PERA, Federal Retirement, Social Security, or Workers' Compensation. The minimum income replacement benefit is $50 per month. Employees are eligible to receive benefits until one of the following circumstances occur: recovery, death, age 65 if disabled when less than 60, four and three-fourths years if disabled between the ages of 60 and 65, or age 70 if disabled between the ages of 65 and 68 ¾. This plan is administered by Assurant Insurance Company.

CSU funds the LTD plan by providing an allowance to each employee and then deducting the cost of the premium. The premiums collected are transferred to the irrevocable trust as an employee contribution. The University contributed $1.5 million to the plan for the fiscal year ended June 30, 2018. These funds, which include those previously set aside and the related interest income, have resulted in total funds available of $9.6 million as of the fiscal year ended June 30, 2018. Plan members received $907 thousand in benefits for the fiscal year ended June 30, 2018.

Contributions

CSU funds the plans using the ADC amount, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43, which referred to it as annual required contribution. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial accrued liabilities over a period not to exceed 30 years. CSU's related information for each plan for the fiscal year ended June 30, 2018, are as follows:

	DCP Refund	PERA Subsidy	Rx Subsidy	LTD Income Replacement
Contribution rates:				
CSU	Based on ADC	Based on ADC	Based on ADC	Based on ADC
Participants	N/A	N/A	$0-$99 / month based on eligibility	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the ADC of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The schedules of contributions, presented as required supplementary information following the notes to the financial statements, present multi-year trend information comparing actuarially determined contributions, and the methods and assumptions used to calculate them, to actual contributions.

Net OPEB (Asset) Liability

The net OPEB (asset) liability was measured as of January 1, 2018, and the total OPEB liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation based on census data as of January 1, 2017, adjusting for benefit payments, expected growth in benefit obligations, changes in key assumptions and plan provisions, and any significant changes in plan demographics that occurred during the year.

Actuarial Methods and Assumptions

The total OPEB (asset) liability in the fiscal year ended June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	DCP Refund	PERA Subsidy	Rx Subsidy	LTD Income Replacement
Valuation date	1/1/2017	1/1/2017	1/1/2017	1/1/2017
Measurement date	1/1/2018	1/1/2018	1/1/2018	1/1/2018
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	30 Years Open, Level Percent of Pay	30 Years Closed, Level Percent of Pay	30 Years Closed, Level Percent of Pay	30 Years Open, Level Percent of Pay
Remaining amortization period	30 Years	20 Years	20 Years	30 Years
Asset valuation method	Market Value	Market Value	Market Value	Market Value
Actuarial assumptions:				
Investment rate of return	5.23%	5.23%	5.23%	5.23%
Inflation rate	3.00%	3.00%	3.00%	3.00%
Salary increase rate	N/A	N/A	N/A	4.00%
Healthcare cost trend rate	7% initial, 5% ultimate	7% initial, 5% ultimate	7% initial, 5% ultimate	N/A

Participant mortality was determined by separate mortality rates for non-annuitants and annuitants. Non-annuitants mortality was based on RP-2017 "Employees" sex-distinct tables and projected generationally using Scale BB, and annuitants mortality was based on RP-2017 "Healthy Annuitants" sex-distinct tables and projected generationally using Scale BB. For the LTD Income Replacement plan, the long-term disabled participant mortality is based on the 1987 Commissioner's Group Disability Table with a three month elimination period.

The actuarial assumptions used in the June 30, 2018 valuation were based on plan experience that was provided for the 1997 study and reviewed for reasonableness in 2011.

The CSU OPEB Trust Investment Committee, in conjunction with Innovest Portfolio Solutions, LLC, developed a forward looking, five to 10 year outlook for the overall global economy along with individual asset classes. The process was iterative where preliminary return, risk and correlation values are chosen for each asset class and entered into an optimization program. The resulting optimal portfolios were subjected to a careful examination and the return, risk, and correlation values were adjusted until portfolios produced were appropriately diversified and reasonable considering the current and expected economic conditions and were consistent with the tenets of modern portfolio theory. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table for fiscal year ended June 30, 2018:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap equity	10.0%	6.50%
Small/mid cap equity	4.0%	7.00%
International equity	9.0%	7.00%
Emerging market equity	3.0%	8.00%
Domestic fixed income	38.0%	2.50%
Floating rate corp loans	9.0%	5.25%
Low correlated hedge	10.0%	5.25%
Private equity	5.0%	9.00%
MLP's	7.0%	9.50%
Real estate	5.0%	6.25%
	100.0%	

Discount Rate

The discount rate used to measure the total OPEB (asset) liability was as follows for each of the plans as of fiscal year ended June 30, 2018:

Plan	Discount Rate
DCP Refund	5.23%
PERA Subsidy	5.23%
Rx Subsidy	5.23%
LTD Income Replacement	4.91%

The projection of cash flows used to determine the discount rate assumed that the contributions were made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net positon was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB (asset) liability.

The discount rate is equal to the investment rate of return for the DCP Refund, PERA Subsidy, and Rx Subsidy plans. The investment rate of return for the fiscal years ended June 30, 2018 and 2017, were 5.23 percent and 5.33 percent, respectively. The LTD Income Replacement plan's discount rate for the fiscal years ended June 30, 2018 and 2017, were 4.91 percent and 5.03 percent, respectively, and incorporated a municipal bond rate, which was obtained from the Bond buyer 20-Bond General Obligation Index. The LTD Income Replacement plan's municipal bond rate for the fiscal year ended June 30, 2018 was 3.44 percent.

Changes in the Net OPEB (Asset) Liability

Changes in the net OPEB asset for the DCP Refund plan as of fiscal year ended June 30, 2018, are as follows:

(Amounts in thousands)	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Measurement period beginning balance, January 1, 2017	$ 34,491	42,542	(8,051)
Changes for the year:			
Service cost	1,648	-	1,648
Interest	1,815	-	1,815
Change in plan provisions	-	-	-
Differences between expected and actual experience	(243)	-	(243)
Change in assumptions	285	-	285
Contributions-employer	-	1,850	(1,850)
Net investment income	-	3,114	(3,114)
Benefit payments	(903)	(903)	-
Administrative expense	-	(47)	47
Net changes	2,602	4,014	(1,412)
Measurement period ending balance, December 31, 2017	$ 37,093	46,556	(9,463)

Changes in the net OPEB liability are a combination of the following plans: PERA Subsidy, Rx Subsidy, and LTD Income Replacement. The total of the three plans as of fiscal year ended June 30, 2018, are as follows:

(Amounts in thousands)	Increase (Decrease) Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Measurement period beginning balance, January 1, 2017	$ 58,325	31,402	26,923
Changes for the year:			
Service cost	1,811	-	1,811
Interest	3,013	-	3,013
Change in plan provisions	-	-	-
Differences between expected and actual experience	(458)	-	(458)
Change in assumptions	192	-	192
Contributions-employer	-	3,760	(3,760)
Net investment income	-	2,267	(2,267)
Benefit payments	(2,489)	(2,489)	-
Administrative expense	-	(148)	148
Net changes	2,069	3,390	(1,321)
Measurement period ending balance, December 31, 2017	$ 60,394	34,792	25,602

The net OPEB assets and liabilities as of June 30, 2018, are recorded in net OPEB assets, noncurrent and other net OPEB liabilities, noncurrent on the Statements of Net Position.

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

The following presents the net OPEB (asset) liability of CSU, as well as what CSU's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of fiscal year ended June 30, 2018:

(Amounts in thousands)	1% Decrease	
Plan	Discount Rate	Net OPEB (Asset) Liability
DCP Refund	4.23%	(4,294)
PERA Subsidy	4.23%	27,137
Rx Subsidy	4.23%	3,112
LTD Income Replacement	3.91%	2,442

(Amounts in thousands)	Current Rate	
Plan	Discount Rate	Net OPEB (Asset) Liability
DCP Refund	5.23%	(9,463)
PERA Subsidy	5.23%	21,071
Rx Subsidy	5.23%	2,692
LTD Income Replacement	4.91%	1,839

(Amounts in thousands)	1% Increase	
Plan	Discount Rate	Net OPEB (Asset) Liability
DCP Refund	6.23%	(13,728)
PERA Subsidy	6.23%	16,081
Rx Subsidy	6.23%	2,345
LTD Income Replacement	5.91%	1,273

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB (asset) liability of CSU, as well as what CSU's net OPEB (asset) liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of fiscal year ended June 30, 2018:

(Amounts in thousands)	1% Decrease	
Plan	Healthcare Cost Trend Rate	Net OPEB (Asset) Liability
DCP Refund	6.00%	(9,472)
PERA Subsidy	6.00%	14,939
Rx Subsidy	6.00%	2,314
LTD Income Replacement	N/A	N/A

(Amounts in thousands)	Current Rate	
Plan	Healthcare Cost Trend Rate	Net OPEB (Asset) Liability
DCP Refund	7.00%	(9,463)
PERA Subsidy	7.00%	21,071
Rx Subsidy	7.00%	2,692
LTD Income Replacement	N/A	N/A

(Amounts in thousands)	1% Increase	
Plan	Healthcare Cost Trend Rate	Net OPEB (Asset) Liability
DCP Refund	8.00%	(9,456)
PERA Subsidy	8.00%	28,457
Rx Subsidy	8.00%	3,149
LTD Income Replacement	N/A	N/A

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, CSU recognized OPEB expense of $4.1 million. At June 30, 2018, CSU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	408
Changes of assumptions or other inputs	304	-
Net difference between projected and actual earnings on OPEB plan investments	-	1,105
Contributions subsequent to measurement date	1,923	-
Total	$ 2,227	1,513

$1.9 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB (asset) liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30:	(Amounts in thousands)
2019	$ (287)
2020	(285)
2021	(285)
2022	(285)
2023	(9)
Thereafter	(58)
Total	$ (1,209)

Payable to the OPEB Plan

For the fiscal year ended June 30, 2018, CSU reported a payable of zero for the outstanding amount of contributions to the Trust.

NOTE 8 – OTHER EMPLOYEE BENEFITS

A. MEDICAL AND DISABILITY BENEFITS

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

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (such as COBRA and case management). Premiums also include a fee to offset the internal costs of administering the plan. Internal costs include developing plan offerings, maintaining the online benefits system, and communicating benefit provisions to employees. Employee healthcare premiums are allowed on a pretax basis under the State's Salary Reduction Plan Document. Effective July 1, 2013, premiums also included a fee to implement a statewide wellness program. During Fiscal Year 2018, covered employees who elected to participate in the wellness plan received a monthly health insurance premium credit of $20 depending on the level of participation.

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

The Public Employees Retirement Association (PERA) covers short-term disability claims for State employees eligible under its retirement plan (see Note 6). The Group Benefit Plans Fund provides short-term disability coverage for employees not yet qualified for the retirement plan and secondary benefits for employees also covered under the PERA short-term disability plan.

The Group Benefit Plans short-term disability program provides an employee with 60 percent of their pay beginning after 30 days of disability or exhausting their sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability.

B. DEFINED CONTRIBUTION RETIREMENT PLANS

Voluntary Investment Program

Plan Description - Employees of the State of Colorado that are also members of the SDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions.

Defined Contribution Retirement Plan (DC Plan)

Plan Description – Employees of the State of Colorado that were hired on or after January 1, 2006 and employees of certain community colleges that were hired on or after January 1, 2008 which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). SB 18-200 expands eligibility to participate in the PERA DC Plan to new employees hired on or after January 1, 2019, who are classified college and university employees in the State Division. The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's comprehensive annual financial report as referred to above.

Funding Policy – All participating employees in the PERA DC Plan, with the exception of State Troopers, are required to contribute 8.00 percent of their PERA-includable salary and the State of Colorado is required to contribute 10.15 percent of PERA-includable salary on behalf of these employees. All participating State Troopers are required to contribute 10.00 percent of their PERA-includable salary and the State of Colorado is required to contribute 12.85 percent of PERA-includable salary on behalf of these employees. Additionally, the State of Colorado is required to contribute AED and SAED to the SDTF as follows:

	As of June 30, 2018
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Total employer contribution rate to the SDTF[1]	**10.00%**

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.08 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed $11,411,000 and the State of Colorado recognized pension contributions of $14,309,000, respectively, for the PERA DC Plan.

457 Deferred Compensation Plan

The PERA Deferred Compensation Plan (457) was established July 1, 2009, as a continuation of the State's deferred compensation plan which was established for state and local government employees in 1981. At July 1, 2009, the State's administrative functions for the 457 plan were transferred to PERA, where all costs of administration and funding are borne by the plan participants. In calendar year 2017, participants were allowed to make contributions of up to 100 percent of their annual gross salary (reduced by their 8 percent PERA contribution) to a maximum of $18,500. Participants who are age 50 and older, and contributing the maximum amount allowable were allowed to make an additional $6,000 contribution in 2017. Special 457(b) catch-up contributions allow a participant for 3 years prior to the normal retirement age to contribute the lesser of (1) Twice the annual limit ($37,000 in 2015, 2016, and 2017), or (2) The basic annual limit plus the amount of the basic limit not used in prior years (only allowed if not using age 50 or over catch-up contributions). Contributions and earnings are tax deferred. At December 31, 2017, the plan had 18,211 participants.

University of Colorado - Optional Retirement Plan

Under the University's optional retirement plan (ORP), certain members of the University are required to participate in a defined contribution retirement plan administered by the University for the benefit of full-time faculty and exempt staff members. The State constitution assigns the authority to establish and amend plan provisions to the Regents. The contribution requirements of plan members and the University are established and may be amended by the Regents. Generally, employees are eligible for participation in the ORP upon hire and are vested immediately upon participation. For the year ended June 30, 2018, the University's contribution to the defined contribution retirement plan was equal to 10 percent of covered payroll, and the employee contribution was equal to 5 percent of covered payroll. The University's contribution under the ORP approximated $152,606,000 during the year ended June 30, 2018. The employees' contribution under the ORP approximated $76,182,0000 during the years ended June 30, 2018. Participants in the University's ORP choose to invest all contributions with one or more of three designated vendors. In addition, participants in the University's ORP are covered under federal Social Security. Federal Social Security regulations require both the employer and employee to contribute a percentage of covered payroll to Social Security.

University of Colorado – Voluntary Retirement Savings Plan

The University provides a voluntary retirement savings plan to most employees referred to as a 403(b) plan. Employee salary deferrals into the 403(b) plan are made before income tax is paid and allowed to grow tax-deferred until the money is taxed as income when withdrawn from the plan. For calendar year 2017 and 2016, the plan had a contribution limit of $18,000. In addition, the plan allowed catch-up contributions of $6,000. The plan is administered by the University and the benefit terms are established and can be amended under the Employee Retirement Income Security Act (ERISA). The employees' contributions to this 403(b) plan approximated $48,640,000 for the year ended 2018.

Colorado State University - University Optional Retirement Plan – The Defined Contribution Plan for Retirement (DCP)

Under the University's optional retirement plan, all Academic Faculty, Administrative Professionals, Post-Doctoral Fellows, Veterinary Interns and Clinical Psychology Interns appointed on or after April 1, 1993, are required as a condition of employment under Colorado law to participate in either the University's Defined Contribution Plan (DCP) for Retirement or, in very limited cases, in the PERA Defined Benefit plan (as eligibility permits). DCP participants may select from three investment companies as follows:

- Fidelity Investments / MetLife (eligible Faculty/Staff at CSU-Pueblo do not have access to this investment company)
- Teachers Insurance and Annuity Association (TIAA)
- Variable Annuity Life Insurance Corporation (VALIC)

The defined contribution retirement plans are established pursuant to state statute (24-54.5-101 to 24-54.5-107 C.R.S.). The CSU plan was adopted by the Board of Governors in December 1992 and the CSU-Pueblo plan was adopted in April 1993. The Defined Contribution Retirement Plan is a qualified plan under Section 401(a) of the IRC. CSU and CSU-Pueblo are the Plan Sponsors. All participants contribute the required eight percent of eligible salary. As required, CSU provides a matching contribution of 12 percent of eligible salary for all "permanent" appointees (those with regular, special and senior teaching appointments at half-time or greater) and for temporary appointees with appointments of half-time or greater for the second and subsequent consecutive year(s). CSU-Pueblo provides a matching contribution of 10.7 percent, as required, of eligible salary for all nonstudent employees, including those employees at less than half-time and nonstudent temporary, hourly employees. Both employee and employer contributions are vested immediately. Investments are participant-directed within the funds available through the authorized investment companies. The System's aggregate contribution to the above three vendors was equal to 11 percent of covered payroll or approximately $47.4 million for the fiscal year ended June 30, 2018. The employee aggregate contribution to the above three vendors was equal to eight percent of covered payroll or approximately $34.5 million for the fiscal year ended June 30, 2018.

The Federal retirement system covers a very limited number of employees at CSU Extension. The System's contribution to this plan was approximately $68 thousand for the fiscal year ended June 30, 2018.

Colorado State University - Student Employee Retirement Program

Eligible student employees contribute 7.5 percent of covered payroll to the student employee retirement program (SERP). The SERP is funded entirely through employee contributions with no employer match. The SERP is a mandatory plan for all student employees who are enrolled at CSU but are not classified as a half-time student or greater. The SERP was established pursuant to state statute (24-54.6-101 through 24-54.6-106 C.R.S.) as a mandatory nonqualified plan under 403(b) of the IRC in lieu of mandatory old age, survivors, and disability insurance (OASDI) coverage. The student retirement plan is a defined contribution plan administered by the individual agencies that make up the System, as applicable. All contributions are vested immediately and are participant-directed within the funds available through the sole investment company, TIAA-CREF. The contribution by student employees for the fiscal year ended June 30, 2018 was approximately $1.3 million.

Colorado State University - Health Insurance Programs

The System's contribution to the various third-party health insurance programs was approximately $21.7 million for the fiscal year ended June 30, 2018.

Employer Contributions to Other Retirement Plans

The State of Colorado made contributions to other retirement plans totaling $205.2 million during fiscal year 2018.

NOTE 9 – RISK MANAGEMENT

The State currently self-insures its agencies, officials, and employees for certain risks of loss to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. Per statute, individual Department property claims have a $5,000 deductible per occurrence. Pursuant to the Colorado Governmental Immunity Act, CRS 24-10-101, claims that accrued before January 1, 2018 brought under state law are limited to $350,000 per person and $990,000 per accident. Claims that accrue after January 1, 2018 and before January 1, 2022 brought under state law are limited to $387,000 per person and $1,093,000 per accident. The Colorado Governmental Immunity Act requires the Secretary of State to certify adjusted limits for claims that accrue after January 1, 2022 by that date based on the percentage change of the consumer price index over the preceding four years. The Risk Management Fund is reported as a Special Purpose General Fund, and it is used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the State. Workers compensation losses are self-insured per the Risk Management Act (CRS 24-30-1501); the State has purchased $50.0 million of excess insurance per occurrence ($10.0 million deductible). Property claims are self insured as well; $450.0 million of property loss insurance ($500,000 deductible). The State has also purchased excess liability coverage for automotive liability outside Colorado $5.0 million per occurrence ($2.0 million deductible), and $10.0 million of employee dishonesty and theft loss coverage ($250,000 deductible). Settlements have not exceeded insurance coverage in any of the three prior years.

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

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

Because actual claims liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. A contractor completes an actuarial study each year determining both the current and long-term liabilities of the Risk Management Fund.

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

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $375,000 per individual. In Fiscal Year 2017-18, the State recovered approximately $4.7 million related to the stop-loss insurance claims. The State's contribution to medical premiums is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State's contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund.

The State recorded approximately $18.5 million of insurance recoveries during Fiscal Year 2017-18. Of that amount approximately $7.9 million was related to asset impairments that occurred in prior years. The remaining $10.6 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $4.7 million, as noted above), a Pension and Other Employee Benefits Fund, and $1.2 million by Higher Education in the Higher Education Institutions Fund.

The University of Colorado is self-insured for workers' compensation, auto, and general and property liability. An actuarial projection is performed to estimate the self-insured plan's undiscounted liabilities. The University purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $1.5 million per worker's compensation claim, and $1.25 million per general liability claim. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

University of Colorado tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $350,000 per person and $990,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2017-18, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Anschutz Medical Campus. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $325,000 per person. There were no reductions of insurance coverage in Fiscal Year 2017-18 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $345,775 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

The University of Colorado Denver also self-insures its faculty and staff for medical malpractice through the University of Colorado Self-Insurance Trust, consistent with the limits of governmental immunity. For claims outside of governmental immunity, the Trust has purchased stop-loss insurance to cover claims greater than $500,000 per claimant, $1.5 million per occurrence, and $8.0 million in aggregate annually. The discounted liability for malpractice is determined annually by an actuarial study. There was no significant reduction in insurance coverage in Fiscal Year 2017-18, however, the University collected $652,675 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $275,000. The related liability is based on underwriting review of claims history and current data. The University is self-insured for worker's compensation up to $500,000 per occurrence and has purchased reinsurance for individual claims up to statutory limits. There was no significant reduction in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

The Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 per occurrence with excess insurance purchased for claims up to $10.0 million and additional insurance purchased for up to $15.0 million, for a total of $25.0 million per occurrence. The University is self-insured for property damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. The University carries cyber risk liability insurance up to $5.0 million ($100,000 deductible for cyber extortion; $20,000 deductible for foreign notification; and $10,000 deductible for crisis management and public relations). The University also purchased $1.0 million of international liability insurance, $25.0 million of aviation liability insurance ($1,000 deductible for each occurrence), and $1.0 million per occurrence of unmanned aerial vehicles liability insurance. The University also carries liability, professional liability, and pollution liability for the Center for Environmental Management Military Lands (CEMML) operations, including prescribed burn operations, which includes a primary layer of $2.0 million aggregate, an umbrella layer of $5.0 million, and an excess layer of $5.0 million. During Fiscal Year 2017-18, the University purchased additional limits of $40.0 million for CEMML operations including additional responsibility for prescribed burning. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

The University of Northern Colorado manages general liability, professional liability, property, automobile, and worker's compensation risks primarily through the purchase of insurance. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2005-06.

The University has purchased $3.0 million of general liability insurance ($0 deductible), $3.0 million of professional liability insurance ($25,000 deductible), $1.0 million of automobile liability ($0 deductible), $3.0 million of errors and omissions insurance ($25,000 deductible), $3.0 million of employment practices liability ($25,000 deductible), $500,000 of worker's compensation insurance ($1,000 deductible), $1.0 million of employee fraud insurance ($5,000 deductible), $500.0 million of property insurance ($25,000 deductible), and $2.0 million umbrella liability

($10,000 self-insured retention). There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Colorado School of Mines manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($0 deductible). Before Fiscal Year 2017-18, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded coverage during the fiscal year.

Colorado School of Mines manages other liability risks through the purchase of insurance. The University purchased $2.0 million of general liability insurance ($0 deductible), $4.0 million of educator's legal liability insurance ($10,000 deductible), $1.0 million of automobile liability ($1,000 deductible), $1.0 million of fiduciary ($0 deductible), $4.0 million of employment practices liability ($25,000 deductible), $3.0 million of umbrella liability ($10,000 self-insured retention), $1.0 million of employee dishonesty ($10,000 deductible), $1.0 million of property ($50,000 deductible), $750,000 of inland marine ($5,000 deductible), and $1.0 million of aviation ($150 deductible). Before Fiscal Year 2017-18, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded coverage during the fiscal year.

Fort Lewis College manages worker's compensation risks primarily through the purchase of insurance. The College has purchased $500,000 of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2010-11, the College was covered under the State's risk management program. The College retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages general liability risks primarily through the purchase of insurance. The College has purchased blanket building and personal property insurance of $481.9 million ($10,000 deductible), $2.0 million of general liability ($0 deductible), $7.0 million of fine arts insurance ($2,500 deductible). The College has also purchased $1.0 million of employee dishonesty insurance ($10,000 deductible). Before Fiscal Year 2011-12, the College was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado Mesa University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $1.0 million of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2010-11, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2009-10. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded insurance coverage in the past three fiscal years.

Colorado Mesa University manages general liability risks primarily through the purchase of insurance. The University has purchased $2.0 million of general liability insurance ($1,000 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010-11. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($500 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010-11. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability insurance of $2.0 million ($1,000 deductible for accidents and acts of nature, $10,000 for loss to property). Before Fiscal Year 2012-13, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2012-13. There were no significant reductions in insurance coverage in Fiscal Year 2017-18, and the amount of settlements has not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased worker's compensation insurance of $500,000 ($500 deductible). Before Fiscal Year 2011-12, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability for auto, fidelity, liability and fire insurance of $1.0 million ($0 deductible) and $2.0 million aggregate. Before Fiscal Year 2011-12, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2017-18 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
State Risk Management:				
Liability Fund				
2017-18	23,885	2,816	4,302	22,399
2016-17	24,926	3,054	4,095	23,885
2015-16	27,429	1,767	4,270	24,926
Workers' Compensation				
2017-18	134,393	23,503	30,988	126,908
2016-17	133,672	35,984	35,263	134,393
2015-16	130,357	36,072	32,757	133,672
Group Benefit Plans:				
2017-18	16,077	233,694	231,312	18,459
2016-17	15,766	201,105	200,794	16,077
2015-16	14,717	188,021	186,972	15,766
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2017-18	16,119	7,913	7,263	16,769
2016-17	16,726	7,388	7,995	16,119
2015-16	13,858	10,180	7,312	16,726
University of Colorado Denver:				
Graduate Medical Education Health Benefits Program				
2017-18	2,309	13,012	12,632	2,689
2016-17	1,666	10,357	9,714	2,309
2015-16	1,799	7,233	7,366	1,666
Medical Malpractice				
2017-18	9,428	1,451	1,112	9,767
2016-17	11,469	1,006	3,047	9,428
2015-16	9,498	2,883	912	11,469

Changes in Claims Liabilities
(Amounts in Thousands)

(Continued) Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
Colorado State University:				
Medical, Dental, and Disability Benefits and General Liability				
2017-18	29,917	57,038	56,407	30,548
2016-17	26,760	54,124	50,967	29,917
2015-16	28,660	46,728	48,628	26,760
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2017-18	135	(25)	32	78
2016-17	355	(172)	48	135
2015-16	56	367	68	355
Colorado School of Mines:				
General Liability, Property, and Workers' Compensation				
2017-18	-	321	26	295
Fort Lewis College:				
Workers' Compensation				
2017-18	2	3	3	2
2016-17	-	5	3	2
2015-16	13	15	28	-
General Liability				
2017-18	3	(3)	-	-
2016-17	39	3	39	3
2015-16	-	44	5	39
Colorado Mesa University:				
Workers' Compensation				
2017-18	36	27	34	29
2016-17	220	(130)	54	36
2015-16	28	220	28	220
General Liability				
2017-18	-	18	(18)	36
2016-17	3	10	13	-
2015-16	-	35	32	3

NOTE 10 – LEASES AND SHORT-TERM DEBT

LEASE COMMITMENTS

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

At June 30, 2018, the State had the following gross amounts of assets under capital lease:

(Amounts in Thousands)

Gross Capital Assets Under Lease (Before Depreciation)

	Land	Buildings	Equipment and Other
Governmental Activities	$ 5,559	$ 111,962	$ 342,820
Business-Type Activities	-	40,964	44,945
Total	$ 5,559	$ 152,926	$ 387,765

At June 30, 2018, the State expected future minimum sublease rentals relating to operating leases of $1.7 million in business-type activities and $229,000 in governmental activities. No future minimum sublease rentals related to capital leases are expected.

During the year ended June 30, 2018, the State incurred no contingent rentals related to capital and operating leases.

For Fiscal Year 2017-18, the State recorded building and land rent of $62.4 million for governmental-type activities, $24.8 million for business-type activities, and $30,186 for fiduciary activities. The State also recorded equipment and vehicle rental expenditures of $11.4 million and $45.2 million for governmental and business-type activities, respectively. The above amounts were payable to entities external to State government and do not include transactions with the State's fleet management program.

The State recorded $3.3 million of capital lease interest costs for governmental activities and $1.5 million for business-type activities in Fiscal Year 2017-18.

In Fiscal Year 2017-18, the State entered into approximately $18.8 million of capital leases related to the State's fleet management program, which is reported in an internal service fund that does not report capital lease proceeds.

Future minimum payments at June 30, 2018, for existing leases were as follows:

(Amounts in Thousands)

	Operating Leases		Capital Leases			
			Governmental Activities		Business-Type Activities	
Fiscal Year(s)	Governmental Activities	Business-Type Activities	Principal	Interest	Principal	Interest
2019	$ 53,304	$ 28,539	$ 25,789	$ 3,621	$ 6,529	$ 1,446
2020	43,061	22,664	23,119	3,073	5,918	1,272
2021	38,016	17,582	20,424	2,592	4,851	1,104
2022	32,621	15,815	18,734	2,147	4,376	958
2023	27,614	11,840	11,859	1,321	3,902	828
2024 to 2028	80,863	42,591	30,227	2,346	19,667	1,822
2029 to 2033	2,175	11,943	1,721	134	2,909	132
2034 to 2038	1,160	823	-	-	-	-
2039 to 2043	666	667	-	-	-	-
2044 to 2048	661	608	-	-	-	-
2049 to 2053	661	111	-	-	-	-
2054 to 2058	661	111	-	-	-	-
Thereafter	2,050	-	-	-	-	-
Total	$ 283,513	$ 153,294	$ 131,873	$ 15,234	$ 48,152	$ 7,562

SHORT-TERM DEBT

On July 18, 2017, the State Treasurer issued $600.0 million of General Fund Tax Revenue Anticipation Notes (GTRAN), Series 2017A. The notes were due and payable on June 27, 2018, at a coupon rate of 4.133 percent. The total interest related to this issuance was $23.4 million; however, the notes were issued at a premium of $18.0 million, resulting in net interest costs (including the cost of issuance) of $5.6 million and a yield of 0.914 percent. The notes were issued for cash management purposes and were repaid by June 27, 2018, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes and lend the proceeds to local school districts in anticipation of local school district revenues to be collected at a later time. On July 20, 2017, the State Treasurer issued $290.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2017A. The notes were due and payable on June 28, 2018, at a coupon rate of 4.138 percent. The total interest related to this issuance was $11.3 million; however, the notes were issued at a premium of $8.8 million, resulting in net interest costs (including cost of issuance) of $2.8 million or 0.886 percent. The notes matured on June 28, 2018, and were repaid.

On January 16, 2018, the State Treasurer issued $375.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2017B. The notes were due and payable on June 28, 2018, at a coupon rate of 4.000 percent. The total interest related to this issuance was $6.8 million; however, the notes were issued at a premium of $4.6 million, resulting in net interest costs (including cost of issuance) of $2.2 million or 1.251 percent. The notes matured on June 28, 2018, and were repaid.

On June 5, 2018, the University of Colorado issued Commercial Paper in the amount of $40.0 million with a maturity of September 6, 2018. The initial issuance of commercial paper is being used to fund the construction of Williams Village East Housing and the Aerospace Engineering Building at the CU Boulder. The initial rate was 1.30 percent. It is expected that future issuance of commercial paper will be used to fund the balance of these two CU Boulder capital construction projects before permanent financing is issued in the summer of 2019.

On June 20, 2018, the Board of Governors of the Colorado State University System was authorized to issue Commercial Paper Notes in the aggregate principal amount not to exceed $50.0 million as part of the Series A and Taxable Series B issuance. The maturity date of any Notes issued may not exceed two hundred and seventy days from the date of issuance and no maturity may be later than March 1, 2037. Pursuant to the Bond Resolution, the obligations are payable solely from Net Revenues, as defined. The Notes are being used to finance certain projects, as determined by the Board, including but not limited to: the construction, acquisition, renovation, improvement, and equipping of the Michael Smith Natural Resources Building in Fort Collins; the Richardson Design Center in Fort Collins; the Institute for Biological and Translational Therapies in Fort Collins; the JBS Global Food Innovation Center in Honor of Gary and Kay Smith in Fort Collins; the Residence and Dining Corbett remodel project; and the Western Slope CVMBS/Extension Project; any other improvements to any of the campuses for which the Board has spending authority; and such other capital projects as may be designated by the Board (collectively the "Commercial Paper Improvement Projects").

The following schedule shows the changes in short-term financing for the period ended June 30, 2018:

(Amount in Thousands)

	Beginning Balance July 1	Changes: Additions	Changes: Reductions	Ending Balance June 30
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 600,000	$ (600,000)	$ -
Education Loan Anticipation Notes	-	665,000	(665,000)	-
Total Governmental Activities Short-Term Financing	-	1,265,000	(1,265,000)	-
Business Type Activities:				
Tax Exempt Commercial Paper	-	50,000	-	50,000
Total Business Type Activities Short-Term Financing	-	50,000	-	50,000
Total Short-Term Financing	$ -	$ 1,315,000	$ (1,265,000)	$ 50,000

NOTE 11 – NOTES, BONDS, AND CERTIFICATES OF PARTICIPATION PAYABLE

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

Collectively, the State's business-type activities had $1,753.4 million in available net revenue after operating expenses to meet the $307.1 million of debt service requirement related to revenue bonds.

The revenue of an individual business-type activity is generally not available to meet the debt service requirements of another business-type activity. (See additional disclosures regarding pledged revenue in Note 17.)

During Fiscal Year 2017-18 the State recorded $273.5 million of interest costs, of which $64.6 million was recorded by governmental activities and $208.9 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $6.7 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $17.2 million of interest on Certificates of Participation issued by the Judicial Branch, $31.3 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program and $5.3 million of interest on Education and General Fund Tax and Revenue Anticipation Notes issued by the State Treasurer. The business-type activities interest cost primarily comprises $181.3 million of interest on revenue bonds issued by institutions of higher education, $12.7 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, and $14.8 million of interest on bonds issued by the Bridge Enterprise in the Transportation Enterprise. College Assist and the Transportation Enterprise are nonmajor enterprise funds.

Annual maturities of notes, bonds, and COPs payable at June 30, 2018, are as follows:

(Amounts in Thousands)

	Governmental Activities							
Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2019	$ -	$ -	$ 2,175	$ 187	$ 53,340	$ 57,344	$ 55,515	$ 57,531
2020	-	-	2,220	142	31,365	55,793	33,585	55,935
2021	-	-	2,270	95	32,520	54,491	34,790	54,586
2022	-	-	2,314	48	33,805	52,832	36,119	52,880
2023	-	-	-	-	34,095	51,392	34,095	51,392
2024 to 2028	-	-	-	-	402,275	229,810	402,275	229,810
2029 to 2033	-	-	-	-	300,070	161,851	300,070	161,851
2034 to 2038	-	-	-	-	254,045	95,372	254,045	95,372
2039 to 2043	-	-	-	-	181,000	36,355	181,000	36,355
2044 to 2048	-	-	-	-	40,530	2,844	40,530	2,844
Subtotals	-	-	8,979	472	1,363,045	798,084	1,372,024	798,556
Unamortized Prem/Discount	-	-	-	-	63,269	-	63,269	-
Totals	$ -	$ -	$ 8,979	$ 472	$ 1,426,314	$ 798,084	$ 1,435,293	$ 798,556

(Amounts in Thousands)

Business-Type Activities

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Mortgages Payable Principal	Mortgages Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2019	$ 128,914	$ 191,001	$ 116	$ 1,177	$ 503	$ 445	$ 23,970	$ 18,029	$ 153,503	$ 210,652
2020	139,029	180,558	134	1,174	372	429	35,460	17,080	174,995	199,241
2021	145,587	175,841	37	1,171	387	414	35,570	15,700	181,581	193,126
2022	150,181	170,278	37	1,171	404	397	37,075	14,185	187,697	186,031
2023	163,686	175,185	6,538	2,222	2,290	1,716	32,040	12,691	204,554	191,814
2024 to 2028	840,383	716,983	42,164	5,324	2,817	1,189	148,085	41,336	1,033,449	764,832
2029 to 2033	878,160	521,621	-	-	4,248	164	65,850	15,581	948,258	537,366
2034 to 2038	828,235	322,651	-	-	-	-	37,050	5,569	865,285	328,220
2039 to 2043	515,750	152,858	-	-	-	-	8,350	169	524,100	153,027
2044 to 2048	195,990	70,431	-	-	-	-	-	-	195,990	70,431
2049 to 2053	114,780	37,559	-	-	-	-	-	-	114,780	37,559
2054 to 2058	88,600	9,846	-	-	-	-	-	-	88,600	9,846
Subtotals	4,189,295	2,724,812	49,026	12,239	11,021	4,754	423,450	140,340	4,672,792	2,882,145
Unamortized Prem/Discount	314,753	-	-	-	-	-	38,012	-	352,764	-
Unaccreted Interest	(5,755)	-	-	-	-	-	-	-	(5,755)	-
Totals	$ 4,498,293	$ 2,724,812	$ 49,026	$ 12,239	$ 11,021	$ 4,754	$ 461,461	$ 140,340	$ 5,019,801	$ 2,882,145

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2018, the Colorado School of Mines' aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

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

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2019	$ 550	$ 497	$ 1,039	$ 2,086
2020	575	490	1,024	2,089
2021	575	482	1,008	2,065
2022	850	472	987	2,309
2023	925	460	963	2,348
2024 to 2028	6,500	2,093	4,376	12,969
2029 to 2033	13,300	1,399	2,925	17,624
2034 to 2038	14,610	470	983	16,063
Totals	$ 37,885	$ 6,363	$ 13,305	$ 57,553

In January 2018, Colorado State University entered into a floating to fixed interest rate swap agreement in connection with the 2015D System Enterprise Revenue Bonds.

Assuming current interest rates are applied over the term of the debt, at June 30, 2018, Colorado State University's aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Colorado State University Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2019	$ -	$ 1,006	$ -	$ 1,006
2020	-	1,009	270	1,279
2021	-	1,006	269	1,275
2022	-	1,006	269	1,275
2023	-	1,006	269	1,275
2024 to 2028	7,625	4,839	1,294	13,758
2029 to 2033	18,625	3,959	1,059	23,643
2034 to 2038	12,805	2,601	696	16,102
2039 to 2043	14,375	1,592	426	16,393
2044 to 2047	13,225	441	118	13,784
Totals	$ 66,655	$ 18,465	$ 4,670	$ 89,790

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

(Amounts in Thousands)

	Revenue Bonds	Notes Payable	Mortgages Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ 21,075	$ -	$ 1,604,875	$ 1,625,950
Business Type Activities	5,761,515	49,768	12,670	594,343	$ 6,418,296
Total	$ 5,761,515	$ 70,843	$ 12,670	$ 2,199,218	$ 8,044,246

Derivative Instruments

Colorado School of Mines: On March 5, 2008, the Colorado School of Mines entered into an interest rate swap agreement (the Agreement) in connection with its Variable Rate Demand Enterprise Refunding Revenue Bonds Series 2010A debt issuance. In May 2018, the University refunded the 2010A variable rate demand bonds with the issuance of the 2018A variable rate institutional enterprise revenue bonds. The agreement continues to qualify as a hedging derivative instrument per GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments. Changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows of resources in the Statement of Net Position, and accordingly, the State recognized a deferred inflow of $0.1 million as of June 30, 2018.

The Agreement is a cash flow hedge and was entered into with the objective of protecting against the potential of rising interest rates on existing variable rate revenue bonds. The Agreement, with current notional amount of $37.9 million, provides for net settlement payments to or from Morgan Stanley equal to the difference between the Agreement's fixed rate of 3.59 percent (payable by the School) and 67 percent of the one-month British Bankers' Association London Interbank Offering Rate (payable by Morgan Stanley), which was 1.23 percent at June 30, 2018. Cash flows between the parties are settled on the net difference. The fair value to the Colorado School of Mines as of June 30, 2018, using Level 2 Significant Other Observable Inputs, was $6.8 million liability as determined by Morgan Stanley, counterparty to the Swap Agreement. The Agreement has an effective date of March 5, 2008, and a termination date of December 1, 2038. The derivative is reported under Noncurrent Liabilities on the *Statement of Net Position*.

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

- Termination Risk – Terminating the transaction while the fair value is negative would likely require a termination payment by the School.
- Credit Risk – This is the risk that the counterparty will not fulfill its obligations. The School considers the swap agreement counterparty's (Morgan Stanley) credit quality rating and the ability of the counterparty to withstand credit market turmoil. As of June 30, 2018, Morgan Stanley's credit rating is A3 by Moody's, and BBB+ by Standards & Poor's.
- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow by the School. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, the School's policy requires indices used in an interest rate swap agreement to be recognized market indices.

Colorado State University: On January 16, 2018, the University entered into a floating to fixed interest rate swap agreement (The Swap Agreement) in connection with the 2015D System Enterprise Revenue Bonds. The agreement continues to qualify as a hedging derivative instrument per GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments. Changes in the fair value of hedging derivative instruments are reported as either deferred inflows or deferred outflows of resources in the Statement of Net Position, and accordingly, the State recognized a deferred inflow of $0.7 million as of June 30, 2018.

The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. The Swap Agreement has a notional amount of $66.7 million and a fair value of $654 thousand at June 29, 2018 and provides for certain payments by The Royal Bank of Canada (RBC) equal to the difference between the fixed rate of 1.91 percent payable by the University and 70 percent of the one month UDS-LIBOR-BBA, payable by RBC. The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. RBC, counterparty to the Swap Agreement, determined the fair value as of June 29, 2018 using a discounted forecasted cash flow. The Swap Agreement has an effective date of July 1, 2019 and a termination date of March 1, 2047. The derivative is reported under Noncurrent Liabilities on the *Statement of Net Position*.

There are inherent risks associated with interest rate swaps that the Colorado State University monitors and addresses including:

- Termination Risk – Terminating the transaction while the fair value is negative would likely require a termination payment by the University.
- Credit Risk – This is the risk that the counterparty will not fulfill its obligations. The University considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2018 RBC's credit rating is rated A1 by Moody's and AA- by S&P.
- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow by the University. Basis risk can also result from the use of floating, but different, indices.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2017-18:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 6,760	$ 23	$ (6,647)	$ 136	$ -
Accrued Compensated Absences	170,300	19,097	(13,994)	175,403	12,758
Claims and Judgments Payable	306,904	43,066	(126,293)	223,677	42,812
Capital Lease Obligations	142,153	23,106	(33,386)	131,873	25,789
Bonds Payable	-	-	-	-	-
Certificates of Participation	1,302,382	177,649	(53,717)	1,426,314	53,340
Notes, Anticipation Warrants, Mortgages	11,115	2,175	(4,311)	8,979	2,175
Net Pension Liability	10,919,603	1,014,249	-	11,933,852	-
Other Postemployment Benefits	-	272,038	-	272,038	-
Other Long-Term Liabilities	407,912	301,911	(252,256)	457,567	-
Total Governmental Activities Long-Term Liabilities	13,267,129	1,853,314	(490,604)	14,629,839	136,874
Business-Type Activities					
Deposits Held In Custody For Others	43,468	45,210	(43,448)	45,230	45,210
Accrued Compensated Absences	342,451	52,880	(30,121)	365,210	26,203
Claims and Judgments Payable	37,361	7,044	(8,900)	35,505	-
Capital Lease Obligations	49,891	12,284	(14,023)	48,152	6,529
Derivative Instrument Liabilities	9,251	7,035	(9,449)	6,837	-
Bonds Payable	4,376,802	1,065,409	(839,378)	4,602,833	129,464
Certificates of Participation	346,769	176,251	(61,559)	461,461	23,970
Notes, Anticipation Warrants, Mortgages	61,396	623	(1,972)	60,047	619
Net Pension Liability	6,934,505	514,070	-	7,448,575	-
Other Postemployment Benefits	343,570	594,880	-	938,450	-
Other Long-Term Liabilities	17,541	47,372	(3,265)	61,648	-
Total Business-Type Activities Long-Term Liabilities	12,563,005	2,523,058	(1,012,115)	14,073,948	231,995
Fiduciary Activities					
Deposits Held In Custody For Others	465,456	624,191	(425,607)	664,040	610,145
Accrued Compensated Absences	50	23	(18)	55	24
Other Long-Term Liabilities	373	217	(374)	216	-
Total Fiduciary Activities Long-Term Liabilities	465,879	624,431	(425,999)	664,311	610,169
Total Primary Government Long-Term Liabilities	$ 26,296,013	$ 5,000,803	$ (1,928,718)	$ 29,368,098	$ 979,038

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

The amounts shown in the schedule above for the changes in Net Pension Liability are netted as increases for the governmental and business type activities because that information is not readily available. See Note 6 for additional pension information.

The amounts shown in the schedule above for Notes, Bonds, and Certificates of Participation do not include short-term borrowing disclosed in Note 10. A current portion is not normally identifiable for Claims and Judgments Payable, Derivative Instrument Liabilities, Other Post-Employment Benefits in business-type activities and Other Long-Term Liabilities in both governmental activities and business type activities.

Long-term liabilities that are actuarially determined include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. (See Notes 7 and 9 for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.)

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

NOTE 13 – DEFEASED DEBT AND POLLUTION REMEDIATION OBLIGATIONS

DEFEASED DEBT

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2017-18, debt was defeased in both governmental and business-type activities.

At June 30, 2018, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

Agency	Amount
Governmental Activities:	
Department of Treasury	$ 253,660
Department of Corrections	44,670
Business- Type Activities:	
University of Colorado	739,950
Colorado State University	420,585
Colorado School of Mines	65,160
Western State College	33,890
Colorado Community College System	13,465
Adams State College	23,482
Total	$ 1,594,862

The Department of Treasury issued $115,790,000 of its State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2017K to partially defease its State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2011G. The defeased debt had an interest rate of 4.87 percent, and the new debt had an interest rate of 2.54 percent. The remaining term of the debt was 14.27 years and the estimated debt service cash flows decreased by $21,339,349. The defeasance resulted in an economic gain of $9,059,462 and book loss of $4,349,246 that will be amortized as an adjustment of interest expense over the remaining 13.27 years of the new debt.

The Board of Regents of the University of Colorado issued $43,325,000 of its Enterprise Revenue Refunding Bonds, Series 2017A-2 to partially defease its 2012B Enterprise Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 3.5 percent. The remaining term of the debt was 23 years and the estimated debt service cash flows decreased by $5,374,712. The defeasance resulted in an economic gain of $3,781,593 and book gain of $1,289,071 that will be amortized as an adjustment of interest expense over the remaining 23 years of the new debt.

The Board of Regents of the University of Colorado issued $125,150,000 of its Enterprise Revenue Refunding Bonds, Series 2017A-2 to partially defease its 2013A Enterprise Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 3.33 percent. The remaining term of the debt was 28 years and the estimated debt service cash flows decreased by $12,951,048. The defeasance resulted in an economic gain of $9,059,497 and book loss of $11,284,565 that will be amortized as an adjustment of interest expense over the remaining 28 years of the new debt.

The Board of Regents of the University of Colorado issued $161,630,000 of its Enterprise Revenue Refunding Bonds, Series 2017A-2 to partially defease its 2014A Enterprise Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 3.26 percent. The remaining term of the debt was 28 years and the estimated debt service cash flows decreased by $15,544,609. The defeasance resulted in an economic gain of $10,458,485 and book loss of $3,771,786 that will be amortized as an adjustment of interest expense over the remaining 28 years of the new debt.

The Board of Governors of Colorado State University issued $117,610,000 of its Enterprise Revenue and Refunding Bonds, Series 2017AB to partially defease its Enterprise Revenue Bonds, Series 2012A and 2013C. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 4.1 percent. The remaining term of the debt was 26 years and the estimated debt service cash flows decreased by $13,760,067. The defeasance resulted in an economic gain of $9,634,569 and book loss of $5,346,605 that will be amortized as an adjustment of interest expense over the remaining 26 years of the new debt.

The Board of Governors of Colorado State University issued $204,710,000 of its Enterprise Revenue and Refunding Bonds, Series 2017CD to partially defease its Enterprise Revenue Bonds, Series 2013C, 2013E, 2015A, 2015E-1, and 2015E-2. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 4.4 percent. The remaining term of the debt was 29 years and the estimated debt service cash flows decreased by $16,500,248. The defeasance resulted in an economic gain of $11,540,110 and book loss of $18,712,630 that will be amortized as an adjustment of interest expense over the remaining 29 years of the new debt.

The Board of Governors of Colorado State University issued $55,485,000 of its Enterprise Revenue and Refunding Bonds, Series 2017EF to partially defease its Enterprise Revenue Bonds, Series 2015A and 2015E-1. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 4 percent. The remaining term of the debt was 27 years and the estimated debt service cash flows decreased by $2,945,648. The defeasance resulted in an economic gain of $2,071,938 and book loss of $4,875,089 that will be amortized as an adjustment of interest expense over the remaining 27 years of the new debt.

The State Board for Community Colleges and Occupational Education issued $13,785,000 of its Systemwide Revenue Refunding and Improvement Bonds (Arapahoe Community College – Castle Rock Collaboration Campus), Series 2017A and 2017B to partially defease its Systemwide Revenue Bonds (Front Range Community College – Larimer & Westminster Campus Projects), Series 2013. The defeased debt had an interest rate of 4-5 percent, and the new debt had an interest rate of 2-5 percent. The remaining term of the debt was 17 years and the estimated debt service cash flows remained the same. The defeasance resulted in an economic gain of $849,534 and book loss of $881,832.78 that will be amortized as an adjustment of interest expense over the remaining 17 years of the new debt.

The Board of Trustees of Colorado School of Mines issued $37,885,000 of its Institutional Enterprise Revenue Refunding Bonds, Series 2018A to defease its Variable Rate Demand Institutional Enterprise Revenue Refunding Bonds, Series 2010A. The defeased debt and new debt both had a variable interest rate. The remaining debt was defeased, and the estimated debt service cash flows increased by $326,494. The defeasance resulted in an economic loss of $619,160 and book loss of $2,049,218 that will be amortized as an adjustment of interest expense over the remaining 20 years of the new debt.

The Board of Trustees of Colorado School of Mines issued $35,030,000 of its Institutional Enterprise Revenue Refunding Bonds, Series 2017C to defease its Institutional Enterprise Revenue Refunding Bonds, Series 2012B. The defeased debt and new debt both had a variable interest rate. The remaining term of the debt was 25 years, and the estimated debt service cash flows decreased by $3,355,078. The defeasance resulted in an economic gain of $2,523,337 and book loss of $1,030,000 that will be amortized as an adjustment of interest expense over the remaining 25 years of the new debt.

The Auraria Board of Directors issued $12,560,000 of its Series 2017 Refunding Certificate of Participation to defease its Series 2008 Certificate of Participation (Land Acquisition Project). The defeased debt had an interest rate of 6 percent, and the new debt had an interest rate of 2.42 percent. The remaining term of the debt was 11 years and the estimated debt service cash flows decreased by $1,522,130. The defeasance resulted in an economic gain of $1,334,422 and book loss of $836,562 that will be amortized as an adjustment of interest expense over the remaining 11 years of the new debt.

POLLUTION REMEDIATION OBLIGATIONS

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

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

The State's total amount of pollution remediation obligations as of June 30, 2018 was $197.9 million ($5.6 million of which was a current liability). Superfund sites account for approximately $197.1 million ($4.8 million of which was a current liability) of the State's total pollution remediation obligation. Other pollution obligations of the State generally include remediation activities related to asbestos abatement and removal, land contamination, and leaking underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- DPHE recorded a liability for remediation activities at the Summitville Mine of approximately $69.6 million related to the operation of a water treatment plant. The operating and maintenance costs of the treatment plant are to be shared with the Environmental Protection Agency (EPA) in a cost-sharing ratio of 10 percent State, 90 percent EPA. Beginning in 2023, the State will assume 100 percent of the operating costs of the treatment plant. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact operating costs. As of June 30, 2018, the State has received $4.7 million in recoveries from other responsible parties.

- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $84.2 million related to a number of inactive precious metal mines that caused contamination in surface water and soil in the basin. The liability includes remediation and site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant, and operation of a new water treatment plant whose construction was completed in 2017. Current operating and maintenance costs are estimated at approximately $1.8 million in 2019, increasing to approximately $3.0 million in 2028, and continuing into perpetuity. The department shares the remaining costs to complete the remediation projects with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA for 10 years, after which time the State assumes 100 percent of the operating and maintenance costs. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Captain Jack Mill located at the headwaters of the Left Hand Creek Watershed in the mountains west of Boulder of approximately $6.1 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the State have agreed upon a remediation plan from a recently completed engineering study. Construction cost estimates of approximately $80,000 in 2019, with additional costs until the project's completion in 2022. Beginning in 2023, the State's share of operation and monitoring costs will be 10 percent and will continue in perpetuity. Construction cost estimates were based upon an engineering study and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Nelson Tunnel of approximately $23.2 million related to the clean-up of contamination from mine waste piles and drainage. The State will be liable for a share of construction costs for a new subsurface remedy, a bulkhead, at an estimated cost of $1.7 million and is expected to be completed in 2019. These construction costs, and future operating and maintenance costs are split in a cost-sharing ratio of 10 percent State, 90 percent EPA commencing in 2035 and continuing in perpetuity. Plant construction cost estimates were based upon engineering designs and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

NOTE 14 – DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of assets by the entity that is applicable to a future reporting period, and deferred inflows of resources represent an acquisition of assets by the entity that is applicable to a future reporting period. The table below provides information about amounts reported as deferred outflows/inflows on the *Statement of Net Position* as of June 30, 2018.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources:		
Refunding Losses	$ 5,147	$ 185,215
Other	734	-
Other Postemployment Benefits	14,733	28,093
Pensions	2,542,420	1,536,971
	2,563,034	1,750,279
Deferred Inflows of Resources:		
Refunding Gains	-	822
Other	18,523	2,554
Service Concession Arrangements	-	136,550
Other Postemployment Benefits	6,822	123,557
Pensions	535,558	357,462
	$ 560,903	$ 620,945

REFUNDING GAINS AND LOSSES

Refunding gains and losses on debt refunding transactions are recorded as deferred inflows or deferred outflows, respectively, and generally amortized over the life of the new debt.

SERVICE CONCESSION ARRANGEMENTS

Service Concession Arrangements are arrangements between a government and a governmental or nongovernmental entity in which the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a facility) in exchange for significant consideration and the operator collects and is compensated by fees from third parties. Refer to Note 19 for additional information on Service Concession Arrangements.

PENSIONS

Additional information on the components of deferred inflows and deferred outflows for pensions can be found in Note 6.

OTHER POSTEMPLOYMENT BENEFITS

Additional information on the components of deferred inflows and deferred outflows for Other Postemployment Benefits can be found in Note 7.

OTHER

Includes deferred inflows and outflows for nonexchange transactions, derivative instruments and unavailable revenue.

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

The beginning net position was restated as a result of the following prior period adjustment:

Capital Construction: Capitalization of Fiscal Year 2017 Office of Information Technology and Department of Corrections Capital Construction expenditures.

The Venture Capital Authority no longer met the criteria for reporting as a component unit effective for fiscal year 2016 after tax credits expired in fiscal year 2015.

(Amounts in Thousands)

	Government-Wide Statements		Fund Financial Statements
Subject	Governmental Activities	Component Units	Capital Projects
Capital Construction	8,583		(1,700)
Colorado Venture Capital Authority		(62,172)	
	8,583	(62,172)	(1,700)

B. ACCOUNTING CHANGES

The State of Colorado implemented GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As a result, beginning equity was reduced by $909.3 million.

University of Colorado (CU) implementation of GASB Statement No. 81 – Irrevocable Split-Interest Agreements. Beginning net position was reduced by $1.7 million.

(Amounts in Thousands)

	Government-Wide Statements		Fund-Level Statements				
			Proprietary Funds				
			Enterprise Funds				
Subject	Governmental Activities	Business-Type Activities	Higher Education Institutions	Unemployment Insurance	State Lottery	Other Enterprises	Internal Services
GASB Statement 75 - *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*	(260,689)	(648,610)	(630,011)	(648)	(1,001)	(16,950)	(14,795)
GASB Statement 81 - *Irrevocable Split-Interest Agreements*		(1,705)	(1,705)				
	(260,689)	(650,315)	(631,716)	(648)	(1,001)	(16,950)	(14,795)

Refer to Note 1A for additional information regarding new accounting standards.

FUND BALANCE

On the *Balance Sheet – Governmental Funds,* the fund balance is comprised of the following:
(refer to Note 1 for additional information)

(Amounts in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND			
General Government	$ 236,673	$ 732,444	$ 29,641
Business, Community and Consumer Affairs	-	68,483	-
Education	389,394	94,715	-
Health and Rehabilitation	-	6,137	-
Justice	1	22,404	-
Natural Resources	-	987	-
Social Assistance	-	44,886	-
Transportation	-	179	-
TOTAL	$ 626,068	$ 970,235	$ 29,641
RESOURCE EXTRACTION			
General Government	$ 66,000	$ 210	$ -
Business, Community and Consumer Affairs	-	167,198	-
Education	-	630	-
Health and Rehabilitation	-	1,026	-
Natural Resources	12,987	917,136	-
TOTAL	$ 78,987	$ 1,086,200	$ -
HIGHWAY USERS TAX			
General Government	$ 67,566	$ 40,086	$ -
Health and Rehabilitation	2,933	-	-
Justice	1,012	2,155	-
Natural Resources	300	-	-
Transportation	810,302	15,835	-
TOTAL	$ 882,113	$ 58,076	$ -
CAPITAL PROJECTS			
General Government	$ -	$ 187,230	$ -
Education	-	4,629	-
Health and Rehabilitation	-	2,102	-
Justice	5	3,586	-
Natural Resources	-	98	-
Social Assistance	-	752	-
TOTAL	$ 5	$ 198,397	$ -
STATE EDUCATION			
Education	$ 205,917	$ -	$ -
TOTAL	$ 205,917	$ -	$ -
OTHER GOVERNMENTAL FUNDS			
General Government	$ 178,259	$ 582,946	$ -
Business, Community and Consumer Affairs	35,865	306,292	-
Education	-	81,135	-
Health and Rehabilitation	10,429	67,330	-
Justice	-	189,404	-
Natural Resources	6,666	10,443	-
Social Assistance	-	85,691	-
Transportation	-	6,739	-
TOTAL	$ 231,219	$ 1,329,980	$ -

STABILIZATION ARRANGEMENTS

In accordance with Section 24-75-201.1(1)(d) C.R.S., the State maintains a General Purpose Revenue Fund statutory reserve for purposes of budget stabilization. For fiscal year 2018, the reserve is calculated as six and one-half percent of General Purpose Revenue Fund appropriations less exceptions pursuant to Section 24-75-201.1(2) C.R.S. Section 24-75-201.5(1)(a) C.R.S. further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. In fiscal year 2018 there was no use of the reserve.

As of June 30, 2018, on a legal budgetary basis the reserve was $674.9 million (see Note 1).

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

MINIMUM FUND BALANCE POLICIES

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

The Colorado Healthcare Affordability & Sustainability Enterprise (CHASE) Board has established a reserve of four percent of the estimated health care expansion expenditures for the CHASE Cash Fund plus any interest accrued by the fund. For Fiscal Year 2018, the maximum amount that could be kept in reserve was $91 million – although the CHASE Board lowered the target reserve to $8 million for that year. The reserve acts as a buffer to minimize the need for mid-year fee increases in the event that expenditures are higher than estimated.

NOTE 16 – INTERFUND TRANSACTIONS

INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2018, were:

DUE FROM OTHER FUNDS (DOLLARS IN THOUSANDS)	General Fund	Resource Extraction	Highway Users Tax
MAJOR FUNDS:			
General Fund	$ 5,031	$ -	$ 164
Resource Extraction	2	-	-
Highway Users Tax	-	-	-
Capital Projects	143	-	-
Higher Education Institutions	5,049	342	119
MAJOR FUNDS SUBTOTAL	10,225	342	283
NONMAJOR FUNDS:			
SPECIAL REVENUE FUNDS:			
Labor	39	-	-
Tobacco Impact Mitigation	6	-	-
Other Special Revenue	13,984	-	304
OTHER GOVERNMENTAL FUNDS SUBTOTAL	14,029	-	304
ENTERPRISE FUNDS:			
Parks and Wildlife	30	-	-
Correctional Industries	-	-	-
Other Enterprise Activities	-	-	-
OTHER ENTERPRISE FUNDS SUBTOTAL	30	-	-
INTERNAL SERVICE FUNDS:			
Information Technology	23	-	34
INTERNAL SERVICE FUNDS SUBTOTAL	23	-	34
FIDUCIARY FUNDS:			
State Employee Benefit Plans	25	-	2
College Savings Plan	-	-	-
Treasury Agency Funds	-	-	-
FIDUCIARY FUNDS SUBTOTAL	25	-	2
TOTAL	$ 24,332	$ 342	$ 623

DUE TO OTHER FUNDS
(DOLLARS IN THOUSANDS)

Capital Projects	Higher Education Institutions	State Lottery	Healthcare Affordability	All Other Funds	Total
$ -	$ 276	$ 16,303	$ 8,539	24,030	$ 54,343
37	-	-	-	16,417	16,456
-	-	-	-	2,043	2,043
-	-	-	-	-	143
-	-	-	-	578	6,088
37	276	16,303	8,539	43,068	79,073
-	-	-	-	-	39
-	-	-	596	-	602
-	-	-	-	7,500	21,788
-	-	-	596	7,500	22,429
-	169	3,046	-	36	3,281
-	477	-	-	-	477
-	-	-	-	59	59
-	646	3,046	-	95	3,817
-	176	-	-	-	233
-	176	-	-	-	233
-	765	-	-	24	816
-	-	-	-	9,891	9,891
-	-	11,115	-	-	11,115
-	765	11,115	-	9,915	21,822
$ 37	$ 1,863	$ 30,464	$ 9,135	$ 60,578	$ 127,374

All of the material receivables and related payables shown in the schedule are the result of normal operating activities where the receivables and payables were not liquidated before the year-end close of the State's accounting system. This represents timing differences between when generally accepted accounting principles require transactions to be recognized and when cash is actually distributed.

The General Fund receivable of $24.0 million from All Other Funds is primarily comprised of $16.9 million in payables from the Limited Gaming Fund and $3.9 million payable to various cash funds to support incurred Medicaid expenditures.

The General Fund receivable of $16.3 million from the State Lottery Fund consists of a payable from the State Lottery Fund to the Conservation Trust Fund for $12.2 million and the Building Excellent Schools Today Grant Program for $4.1 million.

The Resource Extraction Fund receivable of $16.4 million from All Other Funds consists of a payable for loans from the Wildlife Cash Fund to the Colorado Water Conservation Board Construction Fund.

The Other Special Revenue Fund receivable of $14.0 million from the General Fund primarily consists of $8.9 million in payables to the Technology Advancement and Emergency Fund for reversions and $5 million in payables to the Colorado Opportunity Scholarship Initiative Fund.

The Treasury Agency Fund receivable of $11.1 million from the State Lottery Fund represents the distribution of lottery proceeds to the Great Outdoors Colorado Fund.

The College Savings Plan receivable of $9.9 million from All Other Funds primarily consists of a $8.2 million payable from the CollegeInvest Administration Fund to the College Savings Program Fund.

INTERFUND TRANSFERS

Transfers between funds for the fiscal year ended June 30, 2018, were:

TRANSFER-OUT FUND (DOLLARS IN THOUSANDS)	General Fund	Resource Extraction	Highway Users Tax
MAJOR FUNDS:			
General Fund	$ 4,241,325	$ 8,118	$ 84,259
Resource Extraction	98,865	-	-
Highway Users Tax	16,733	-	-
Capital Projects	-	-	500
State Education	9,671	-	-
Higher Education Institutions	5,719	-	-
Unemployment Insurance	19	-	-
State Lottery	61,131	-	-
Healthcare Affordability	16,256	-	-
MAJOR FUNDS SUBTOTAL	4,449,719	8,118	84,759
NONMAJOR FUNDS:			
GOVERNMENTAL FUNDS:			
SPECIAL REVENUE FUNDS:			
Labor	330	-	303
Gaming	17,908	-	3
Tobacco Impact Mitigation	117,762	-	4
Resource Management	184	-	-
Environment and Health Protection	10,835	-	-
Unclaimed Property	57	-	-
Other Special Revenue	89,434	30,000	69
PERMANENT FUNDS:			
State Lands Trust	90,553	-	-
NONMAJOR GOVERNMENTAL FUNDS SUBTOTAL	327,063	30,000	379
ENTERPRISE FUNDS:			
Parks and Wildlife	4,088	-	-
College Assist	122	-	-
State Fair	96	-	-
Correctional Industries	992	-	-
State Nursing Homes	2,255	-	-
Prison Canteens	70	-	-
Petroleum Storage	24	-	-
Transportation Enterprise	-	-	38
Other Enterprise Activities	476	-	-
NONMAJOR ENTERPRISE FUNDS SUBTOTAL	8,123	-	38
INTERNAL SERVICE FUNDS:			
Central Services	768	-	-
Financial Information Technology	144	-	-
Information Technology	671	-	-
Capitol Complex	1,510	-	-
Administrative Courts	194	-	-
Legal Services	3,141	-	-
Other Internal Service	347	-	-
INTERNAL SERVICE FUNDS SUBTOTAL	6,775	-	-
FIDUCIARY FUNDS:			
State Employee Benefit Plans	209	-	-
Treasurer's Private Purpose	476	-	-
FIDUCIARY FUNDS SUBTOTAL	685	-	-
TOTAL	$ 4,792,365	$ 38,118	$ 85,176

TRANSFER-IN FUND
(DOLLARS IN THOUSANDS)

Capital Projects	State Education	Higher Education Institutions	All Other Funds	TOTAL
$ 100,917	$ 25,322	$ 230,255	$ 226,042	$ 4,916,238
-	-	3,439	34,041	136,345
-	-	-	9,883	26,616
-	-	58,569	6,690	65,759
-	-	8,372	34,025	52,068
-	-	-	-	5,719
-	-	-	-	19
-	-	-	14,074	75,205
-	-	-	-	16,256
100,917	25,322	300,635	324,755	5,294,225
-	-	-	13	646
1,582	-	9,304	11,042	39,839
6,090	-	14,150	2,316	140,322
-	-	2,425	-	2,609
-	-	-	286	11,121
-	-	-	32,432	32,489
9,990	-	630	41,453	171,576
-	-	779	1,062	92,394
17,662	-	27,288	88,604	490,996
-	-	-	188	4,276
-	-	-	-	122
-	-	-	-	96
-	-	-	-	992
-	-	-	-	2,255
-	-	-	-	70
-	-	-	-	24
-	-	-	-	38
52	-	-	92	620
52	-	-	280	8,493
-	-	-	-	768
-	-	-	-	144
-	-	-	-	671
50	-	-	338	1,898
-	-	-	-	194
-	-	-	73	3,214
-	-	-	-	347
50	-	-	411	7,236
-	-	-	-	209
-	-	-	-	476
-	-	-	-	685
$ 118,681	$ 25,322	$ 327,923	$ 414,050	$ 5,801,635

In the normal course of events, the Legislature appropriates a large number of transfers between funds exercising its responsibility to allocate the State's resources to programs shown in the above schedule. The most significant of these are the transfers-out of the General Fund. These include $3,961.9 million from the General Purpose Revenue Fund to the State Public School Fund (both within the General Fund), $100.9 million to the Capital Projects funds (for controlled maintenance and capital projects), and $230.3 million to the Higher Education Institutions (primarily for student financial aid, occupational education, and job training).

Additional transfers-out from the General Fund include $84.3 million to the Highway Users Tax Fund and $113.6 million from the State Public School Fund to the Charter School Institute Fund (both within the General Fund). The largest of the transfer-out from the General Fund to All Other Funds is a $110.0 million transfer to the Marijuana Tax Cash Fund.

The Resource Extraction transfer-out to the General Fund includes a $41.4 million transfer the State Public School Fund and a $56.8 million transfer to the General Purpose Revenue Fund in the General Fund.

The Tobacco Impact Mitigation Fund includes transfers-out to the General Fund of $113.3 million from the Tobacco Litigation Settlement Fund.

The Other Special Revenue transfers-out to the General Fund includes $40.0 million from the Retail Marijuana Excise Tax Fund to the Public School Capital Construction Assistance Fund (a special purpose fund in the General Fund).

The State Lands Trust transfer-out to the General Fund includes $21.0 million to the State Public School Fund and $69.2 million to the Public School Capital Construction Assistance Fund.

NOTE 17 – PLEDGED REVENUE AND DONOR RESTRICTED ENDOWMENTS

PLEDGED REVENUE

Various institutions of higher education, the Department of Labor and Employment, and the Highway Users Tax Fund have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, and the construction of facilities and infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2018, the following pledges were in place:

The Department of Transportation Statewide Bridge Enterprise pledged $106 million (gross) of federal highway funds, Build America Bonds, and surcharges to meet the current year interest payments on debt issued for construction activities related to the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Bridge Program. The debt was originally issued in Fiscal Year 2011, and has a final maturity date of Fiscal Year 2041. The pledged revenue represents 100 percent of the revenue stream, and $588.7 million of the pledge commitment remains outstanding.

The Department of Transportation High-Performance Transportation Enterprise pledged $437.9 million to meet current year interest payments of $18.2 million on debt issued for the purpose of paying or reimbursing the cost of designing, engineering, developing and constructing an Express Lanes project on a portion of C-470, widening and replacing adjacent general purpose lanes and rehabilitating or reconstructing related bridges, for which user fees will be collected starting in calendar year 2020. The debt was originally issued in Fiscal Year 2018, and has a final maturity date of Fiscal Year 2057. The entire amount of the pledge commitment remains outstanding.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 1999 and furthest maturity date of Fiscal Year 2055. In some instances, the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $1.6 billion. Individually significant Higher Education Institution pledges include:

- $1.3 billion (net) pledged by the University of Colorado to secure $133.1 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was issued in Fiscal Year 2007 and has a final maturity date of Fiscal Year 2047. The pledged revenue represents approximately 76.3 percent of the revenue stream, and $2.4 billion of the pledge (principal and interest) remains outstanding.

- $162.4 million (net) pledged by Colorado State University to secure $69.1 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2008 and has a final maturity date of Fiscal Year 2055. The pledged revenue represents 56.8 percent of the total revenue stream, and $1.7 billion of the pledge (principal and interest) remains outstanding.

- $45.2 million (net) pledged by the Colorado School of Mines to secure $19.6 million of current principal and interest on debt issued to finance or refinance the construction, acquisition, improvement, renovation, and equipment for certain facilities and complete qualified conservation improvement projects. The related debt was originally issued in Fiscal Year 1999 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents approximately 77.9 percent of the revenue stream, and $499.3 million of the pledge (principal and interest) remains outstanding.

- $32.6 million (gross) pledged by Metropolitan State University of Denver to secure $7 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2046. The pledged revenue represents 10 percent of the tuition revenue stream and 100 percent of the fee and other revenues revenue stream, and $144.1 million of the pledge (principal and interest) remains outstanding.

- $26.1 million (net) pledged by Colorado Mesa University to secure $14.4 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2045. The pledged revenue represents approximately

56.1 percent of the revenue stream and $347 million of the pledge (principal and interest) remains outstanding.

- $42.3 million pledged by the University of Northern Colorado to secure $11 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The debt issuances had an earliest origination date of Fiscal Year 2008 and furthest maturity date of Fiscal Year 2046. The pledged revenue represents 43.8 percent of the net total auxiliary, extended studies, and student fee revenue streams; 100 percent of gross facility & admin cost recoveries; and 10 percent of gross general fund tuition revenue. $221.7 million of the pledge (principal and interest) remains outstanding.
- $12.9 million pledged by the Auraria Higher Education Center to secure $6.3 million of current principal and interest on debt issued to finance construction of Tivoli Student Union park, coffee lounge, and patio and building parking structures. The debt issuances had an earliest origination date of Fiscal Year 2006 and furthest maturity date of Fiscal Year 2034. The pledged revenue represents 59.4 percent of the net and 100 percent of the gross auxiliary revenue stream. $80.6 million of the pledge (principal and interest) remains outstanding.
- $9.5 million (net) pledged by Colorado State University – Pueblo to secure $6.2 million of current principal and interest on debt issued to finance construction, remodeling, and acquisition of the Student Center, recreation facilities and student housing facilities. The related debt was originally issued in Fiscal Year 2008 and has a final maturity date of Fiscal Year 2044. The pledged revenue represents 52.2 percent of the revenue stream, and $170.8 million of the pledge (principal and interest) remains outstanding.
- $7.8 million (net) pledged by the Fort Lewis College to secure $4 million of current principal and interest on debt issued to finance construction new residence hall, expansion and renovation of the student center, and various energy conservation improvements. The debt issuances had an earliest origination date of Fiscal Year 2008 and furthest maturity date of Fiscal Year 2038. The pledged revenue represents 35.9 percent of the revenue stream, and $70.3 million of the pledge (principal and interest) remains outstanding.
- $10.2 million (net) pledged by the Western State Colorado University to secure $6.2 million of current principal and interest on debt issued to finance a new student apartment complex and a new sports complex. The debt issuances had an earliest origination date of Fiscal Year 2010 and furthest maturity date of Fiscal Year 2045. The pledged revenue represents 42.5 percent of the revenue stream, and $165.5 million of the pledge (principal and interest) remains outstanding.

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

(Amounts In Thousands)

Agency Name	Gross Revenue	Direct Operating Expense	Available Net Revenue	Debt Service Requirements Principal	Interest	Total
Higher Education Institutions	$ 2,290,836	$ (643,503)	$ 1,647,333	$ 127,378	$ 161,525	$ 288,903
Statewide Bridge Enterprise	106,022	-	106,022	-	18,234	18,234
	$ 2,396,858	$ (643,503)	$ 1,753,355	$ 127,378	$ 179,759	$ 307,137

DONOR RESTRICTED ENDOWMENTS

The State's donor restricted endowments exist solely in its institutions of higher education. The policies of individual boards govern the spending of net appreciation on investments; there is no State law that governs endowment spending. Donor restricted endowment appreciation reported by the State's institutions of higher education totaled $18.5 million.

The University of Colorado reported net appreciation on endowment investments of $16.1 million that was available for spending. The University reported the related net position in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds.* The University spends its investment income in accordance with the University of Colorado Foundation's established spending policy.

The Colorado School of Mines reported $2.2 million of net appreciation on endowment investments that was available for spending. The School reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds*. The School has an authorized spending rate of 4.5% of the rolling 36-month average market value of the endowment investments.

NOTE 18 –SEGMENTS AND RELATED PARTIES

SEGMENT INFORMATION

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

University of Colorado

CU Medicine, formerly University Physicians Incorporated (UPI), performs the billing, collection, and disbursement functions for professional services rendered as authorized in Section 23-20-114, Colorado Revised Statues 1973.
Campus Village Apartments, LLC (CVA) is organized, operated and dedicated exclusively to the charitable purposes of promoting the general welfare, development, growth and wellbeing of the University, and specifically for the primary purpose of acquiring, constructing, improving, equipping and operating a student housing facility, to include related improvements and amenities.

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

CONDENSED STATEMENT OF NET POSITION

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO June 30, 2018 CU MEDICINE	CAMPUS VILLAGE APARTMENTS
ASSETS:		
Current Assets	$ 343,343	$ 8,462
Other Assets	259,959	-
Capital Assets	37,670	29,217
Total Assets	640,972	37,679
DEFERRED OUTFLOW OF RESOURCES	-	-
LIABILITIES:		
Current Liabilities	66,175	1,293
Noncurrent Liabilities	6,488	51,937
Total Liabilities	72,663	53,230
DEFERRED INFLOW OF RESOURCES	-	-
NET POSITION:		
Net Investment in Capital Assets	29,899	(22,281)
Restricted for Permanent Endowments:		
Restricted Net Position	-	5,676
Unrestricted	538,410	1,053
Total Net Position	$ 568,309	$ (15,552)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OPERATING REVENUES:		
Tuition and Fees	$ -	$ -
Sales of Goods and Services	1,007,542	7,015
Other	-	-
Total Operating Revenues	1,007,542	7,015
OPERATING EXPENSES:		
Depreciation	4,627	1,420
Other	890,129	3,514
Total Operating Expenses	894,756	4,934
OPERATING INCOME	112,786	2,081
NONOPERATING REVENUES AND (EXPENSES):		
Investment Income	4,226	272
Gifts and Donations	(20,459)	-
Other Nonoperating Revenues	-	-
Debt Service	(296)	(2,945)
Other Nonoperating Expenses	(1,440)	(402)
Total Nonoperating Revenues(Expenses)	(17,969)	(3,075)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Transfers- In	-	-
Transfers- Out	-	-
Special and Extraordinary Items	-	-
Total Contributions, Transfers, and Other	-	-
CHANGE IN NET POSITION	94,817	(994)
TOTAL NET POSITION - FISCAL YEAR BEGINNING RESTATED	473,492	(14,558)
TOTAL NET POSITION - FISCAL YEAR ENDING	$ 568,309	$ (15,552)

CONDENSED STATEMENT OF CASH FLOWS

NET CASH PROVIDED (USED) BY:		
Operating Activities	$ 80,714	$ 2,017
Noncapital Financing Activities	(20,459)	(400)
Capital and Related Financing Activities	(3,176)	(4,559)
Investing Activities	(7,648)	2,574
NET DECREASE IN CASH AND POOLED CASH	49,431	(368)
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	81,057	765
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 130,488	$ 397

RELATED 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, as amended by GASB Statements No. 39 and 61:

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

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

RELATED PARTY TRANSACTIONS

The University of Colorado Health (UCHealth), a related party, is a legal entity separate from the University of Colorado. Faculty members of the University's School of Medicine perform a majority of their clinical practice and clinical training at UCHealth. The clinical revenue for these clinical services provided by the University's faculty is collected by the University of Colorado Medicine, a blended component unit of the State. The University enters into contracts with UCHealth to support the University's educational mission. During Fiscal Year 2017-18 UCHealth paid the University $85.3 million and the University paid UCHealth $9.6 million. At June 30, 2018, the University had accounts receivable from UCHealth of $6.0 million and had no accounts payable to UCHealth.

The University of Colorado Health and Welfare Trust exists to provide healthcare benefits to employees of the Trust's members, which are the University of Colorado, the University of Colorado Hospital Authority, and the University of Colorado Medicine. The Trust provides healthcare benefits on a self-insured basis where risks are transferred to the pool. The University is not financially accountable for the Trust. During Fiscal Year 2017-18 the Trust paid medical claims on behalf of the University of $214.6 million. The University made contributions of $230.8 million to the Trust and its employees contributed $29.6 million. At June 30, 2018, the University had accounts receivable from the Trust for $879,000 and no accounts payable to the Trust.

The State Board of the Great Outdoors Colorado (GOCO) Trust Fund is a constitutionally created entity whose purpose is to administer the GOCO Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the State using funds it receives from the Colorado Lottery. During Fiscal Year 2017-18, the Board awarded $75.8 million to the Division of Parks and Wildlife at the Department of Natural Resources. At June 30, 2018, GOCO owed the Department of Natural Resources $6.7 million.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, operates the State's health insurance marketplace. During Fiscal Year 2017-18, the Colorado Health Benefit Exchange reimbursed the State $515,172 for software programming expenses and received $2.8 million in payments from the State for eligibility determinations and system changes.

The Colorado Housing and Finance Authority (CFHA) Bond Program supports existing programs administered by CHFA that provide loans to small businesses, farms and ranches within the State of Colorado. CHFA operates these programs in coordination with the U.S. Small Business Administration, the Farm Service Agency, and the U.S.

Rural Business Cooperative Service. The Department of Treasury holds two CHFA bonds with a face value of $3.6 million as of June 30, 2018. The Department received $786,857 in principal and interest payments in Fiscal Year 2017-18.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

COMMITMENTS

On August 24, 2017, Keiwit Meridiam Partners (KMP) was selected to be the Central 70 project developer to undertake the $1.2 billion project. On November 22, 2017, Colorado Bridge Enterprise (CBE) and the HPTE Boards approved the Project Agreement and completed the commercial close of the Central 70 project. On December 21, 2017, KMP and CBE completed the financial close of the project what included CBE issuing $120,765,426 of Private Activity Bonds (PABs) and closing on a TIFIA loan totaling $416,000,000. Since CBE acted as a conduit issuer for the TIFIA loan and the PABs, CBE has no liabilities to record, and the debt will be repaid by KMP. Construction officially started in the summer of 2018 with completion estimated to be in 2022.

SERVICE CONCESSION ARRANGEMENTS

On February 25 2014, the High Performance Transportation Enterprise (HPTE) and Plenary Roads Denver (PRD) completed the financial close of a 50-year concession arrangement. The concession arrangement is HPTE and CDOT's first public private partnership (P3) project, where public and private sectors work together to provide transportation improvements.

The commercial close of the concession arrangement transferred from HPTE to PRD the operations, maintenance, and revenues related to the existing I-25 High Occupancy Toll (HOT) lanes and the U.S. 36 Phase I project once completed in July 2015. Additionally, PRD assumed HPTE's 50 year $54 million TIFIA loan at the completion of U.S. 36 Phase I. PRD also financed, designed, and constructed U.S. 36 Phase II. Once completed in March 2016, PRD transferred the Phase II capital asset with an acquisition value of $88,716,505 to HPTE. PRD subsequently assumed the operations, maintenance, and revenues from U.S. 36 Phase II. PRD has the right to collect tolls and raise rates with permission from the HPTE Board. If the Board does not approve the rate increase, HPTE must compensate PRD for any lost revenue.

HPTE reported deferred inflow of resources related to the arrangement of $136,549,878 which is included on the *Statement of Net Position*. The table below shows the carrying amount of HPTE's capital assets at fiscal year-end pursuant to the concession arrangement.

Project	Description	Carrying Amount
U.S. 36 Phase I	Tolling Equipment and Software	$ 232,717
U.S. 36 Phase I	Managed Lanes	146,246,226
U.S. 36 Phase I	36 Tolling Stations	802,428
U.S. 36 Phase II	Tolling Equipment and Software	232,135
U.S. 36 Phase II	Managed Lanes	97,304,604
U.S. 36 Phase II	36 Tolling Stations	294,966

ENCUMBRANCES

Most encumbrances are supported by annual appropriations and lapse at year-end. However, the Capital Projects Fund, Institutions of Higher Education, and Colorado Department of Transportation Funds (primarily the Highway Users Tax Fund) include multi-year encumbrances of $80.5 million, $31.4 million and $1.1 billion, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

FINANCIAL GUARANTEES

In Fiscal Year 2010-11, Metropolitan State University of Denver's Board of Trustees (formerly the Metropolitan State College of Denver Board of Trustees) approved the incorporation of a special purpose nonprofit corporation to be known as HLC @ Metro, Inc. The HLC @ Metro, Inc., a discretely presented nonmajor component unit of the State, created the Hotel/Hospitality Learning Center (HLC) to enhance the University's Hospitality, Tourism, and Events department. The Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority issued approximately $55.0 million in revenue bonds in October 2010, loaning the proceeds to HLC @ Metro, Inc. to construct the HLC. The HLC generates revenue as a facility open to the general public. Should HLC @ Metro, Inc. not fulfill its obligation to pay any and all principal and interest, the University is obligated to make the payment due, and HLC @ Metro, Inc. is obligated to repay all payments made on its behalf. The guarantee remains in effect until there is no remaining outstanding balance on the 2010 bond issuance. As of June 30, 2018, no liability was recorded by the University as HLC @ Metro, Inc. was deemed fully capable of making its debt payments.

CONTINGENCIES

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

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

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

Significant matters that are considered as a contingent liability to the State are summarized below.

Grants

The State receives federal grants for specific purposes that are subject to review and audit by grantor agencies. This federal funding is conditional upon compliance with the terms and conditions of such grant agreements and applicable federal laws and regulations. Issues resulting from federal reviews or audits can potentially cause disallowance of expenditures and consequently, a liability of the State.

In 2016, the federal Department of Health and Human Services, Centers for Medicare and Medicaid (CMS) performed an onsite visit and review of the State-operated Pueblo Regional Center (PRC). As a result, CMS issued a report that claimed the PRC violated federal administrative requirements related to the Medicaid Home and Community Based Services waiver program over the period November 2014 through November 2015. CMS has informed the State that they may disallow certain payments it made to the State for services provided over the one-year period cited. The State has filed a federal administrative appeal with CMS. The State is awaiting a response from CMS. Although it is unknown what amount of related federal funding expended will be disallowed, if any, a possible loss could exceed $5 million.

General Litigation

The State is a defendant in a number of lawsuits or is subject to potentially be named as a party to lawsuits that are associated with its normal governmental operations. Although the outcomes are uncertain, some of these litigations could involve substantial losses. However, it is believed that in most cases the State will not incur a resulting liability that would have a material or adverse effect on the State's financial condition. Should the State incur a loss through an unfavorable outcome, some of the losses may be covered through liability insurance.

A State-operated youth service center (center) is the subject of a lawsuit involving alleged negligence on the part of the center's response to an injury of a person in custody at the facility. The plaintiff has sued the State for $10 million in damages. A trial date is pending. In another case at a State correctional institution an inmate alleged negligence related to timely and effective medical treatment of an injury. The inmate is seeking approximately $8 million in damages. For both the claims at the center and correctional facility the likelihood of an unfavorable outcome is uncertain. A third case is related to alleged negligence by a State-licensed child care provider. The plaintiff is seeking $5 million in damages. As of September 10, 2018, a lawsuit had not been filed. However, the State could be potentially named as a defendant if the case is pursued by the plaintiff.

The State is a party to a lawsuit related to its refusal to pay the cost for providing Direct Acting Anti-Viral (DAAV) medications in the treatment of Hepatitis C. The lawsuit was filed as a Class Action on behalf of inmates at Colorado correction facilities. In response to this case, the State's legislative budget request for approximately $20.5 million to cover the cost of this treatment during Fiscal Year (FY) 2019 was approved. The parties have requested the case be administratively closed. However, a new lawsuit could resurface if the State is unable to obtain budget approval for FY 2020 to continue the medical treatment program.

Further, the State has been named as a defendant related to a claim that it ordered a regulatory taking by prohibiting a corporate entity from legally distributing wastewater. The plaintiff seeks $100 million in compensatory damages. The likelihood of an unfavorable outcome is uncertain.

Tax Disputes

Two large corporate entities have filed lawsuits challenging the State's Notice of Final Determination regarding the payment of State income tax, penalties, and interest assessed. They seek to reverse the State's related assessments. The State's total exposure is approximately $36 million. The likelihood of an unfavorable outcome in both instances is uncertain.

Loan Guarantees

As of June 30, 2018 the total amount of student loans outstanding awarded by the State was approximately $6.9 billion. In the event of an adverse loss, defined as a default rate of in excess of 9 percent, a liability to the State would be incurred. If this were to occur the State would be responsible for repayment of up to 25 percent of the outstanding balance, or approximately $1.7 billion. The probability of a default rate exceeding 9 percent is highly remote.

Bonds

Based on Colorado statute the State is liable for defaults on Colorado school district bonds and notes. The bonds and notes outstanding total approximately $9.2 billion. Of the total outstanding, approximately $599.4 million is insured. It is believed that defaults are highly unlikely.

Taxpayer Bill of Rights (TABOR) Compliance

TABOR is a constitutional measure that limits the State's annual growth of State revenues or spending to the sum of the annual inflation rate and the annual percentage change in the State's population.

Two separate lawsuits have been filed challenging the constitutionality of specific fees assessed by the State for certain public services. The plaintiffs allege that the State is not compliant with TABOR and consequently the fees are unconstitutional. One of the entities does not expressly seek a refund of alleged unconstitutionally collected fees, but does request declaratory and injunctive relief. It is estimated that the State's exposure on this claim is $20 million. In a separate case the plaintiff is seeking in excess of $5.59 billion in damages through Fiscal Year 2019, plus 10 percent interest from Fiscal Year 2011 to present. The likelihood for an unfavorable outcome in both cases is uncertain.

NOTE 20 – TAX ABATEMENTS

The Governor's Office of Economic Development and International Trade (OEDIT) – through the State Economic Development Commission (EDC) – supports recruitment, retention, and economic growth throughout the State by offering a variety of incentives and tax credits. OEDIT provided significant tax abatements under four programs during the fiscal year: Colorado Enterprise Zone Business and Contribution Tax Credits, Job Growth Incentive Tax Credits, Regional Tourism Act program, and Historic Preservation Tax Credits.

- The Colorado Enterprise Zone (EZ) program was created under Article 30 of Title 39 of the Colorado Revised Statutes (C.R.S.) to promote a business friendly environment in economically distressed areas by offering state income tax credits that incentivize businesses to locate and develop in these communities. The Enterprise Zone Contribution Credit is a sub-credit of the Enterprise Zone program created under Section 39-30-103.5, C.R.S. The Contribution Credit is issued to taxpayers that contribute to an economic development project initiated by the local zone administrator and approved by the EDC. Taxpayers investing in Enterprise Zones can earn a credit on their Colorado income tax by planning and executing specific economic development activities. The following incentives can be earned by businesses located in Enterprise Zones:

Business Income Tax Credits	Credit Amount
Investment Tax Credit	3.0 percent of equipment purchases
Commercial Vehicles Investment Tax Credit	1.5 percent of commercial vehicle purchases
Job Training Tax Credit	12 percent of qualified training expenses
New Employee Credit	$1,100 per new job created
Agricultural Processor New Employee Credit	$500 per new job created
Employer Sponsored Health Insurance Credit	$1,000 per covered employee
Research & Development Increase Tax Credit	3 percent of increased R&D expenditures
Vacant Commercial Building Rehabilitation Tax Credit	25 percent of rehabilitation expenditures
Additional EZ Incentives	**Incentive Amount**
Manufacturing/Mining Sales and Use Tax Exemption	Expanded Sales & Use tax exemption in EZ
Contribution Tax Credit	25 percent cash/12.5 percent in-kind

  Areas with high unemployment rates (25% above the State average), low per capita income (25% below the State average), and/or slower population growth (less than 25% of the State average in rural areas) may be approved for EZ designation by the EDC.

  Each income tax year, a business located in an EZ must apply and be pre-certified prior to beginning an activity to earn any of the business tax credits listed in the table above. When pre-certifying, the business states that the credit is a contributing factor to the start-up, expansion, or relocation of the business. To certify for the credit, the investments and/or new jobs must have been made. At the end of the income tax year, a business must certify that the activities were performed. Contribution Tax Credits are earned by taxpayers making donations to eligible EZ Contribution Projects, and certifying those donations with the project organization or Local Enterprise Zone Administrator. The Commercial Vehicle Investment Tax Credit has a separate online application process.

  The provision for recapturing abated taxes would be an income tax return audit conducted by the Department of Revenue.

- The Job Growth Incentive Tax Credit (JGITC) is a performance-based job creation incentive program created under Section 39-22-531 C.R.S., in which businesses must create and maintain permanent new jobs for one year before receiving the tax credit. The JGITC provides a state income tax credit equal to 50% of FICA paid by the business on the net job growth for each calendar year in the credit period. A business must undertake a job creation project for which the State of Colorado is competing with at least one other state for the project. The JGITC must be a major factor in the business decision to locate or retain the project in Colorado, and a business may not start or announce the proposed project (including locating or expanding in the State, hiring employees related to the project, or making material expenditures for the project) until a final application has been submitted and approved by the EDC.

Businesses have to create at least 20 new jobs (full-time equivalents) in Colorado during the credit period with an average yearly wage of at least 100% of the county average wage based on where the business is located. A business located in an Enhanced Rural Enterprise Zone must create at least five net new jobs (full-time equivalents) in Colorado during the credit period with an average yearly wage of at least 100% of the county average wage based on where the business is located. The credit period is 96 consecutive months.

The provision for recapturing abated taxes would be an income tax return audit conducted by the Department of Revenue.

- The Regional Tourism Act (RTA) program was created under Sections 24-46-301 through 309 C.R.S., and provides Tax Increment Financing (TIF) to support construction of unique and extraordinary large scale tourism and entertainment facilities that will drive net new visitors and revenue to Colorado. A percentage of state sales tax within a geographic area in a given year that exceeds a base year amount is collected by the Department of Revenue and diverted to a project financing entity. The EDC shall not approve any project that would likely create an annual state sales tax revenue dedication of more than $50 million to all regional tourism projects. A local government will need to submit a regional tourism project application to OEDIT within the application cycle deadline. OEDIT will review the application for general completeness and to make an initial determination regarding whether the application has met the general criteria for a regional tourism project. The EDC will review applications forwarded with OEDIT recommendations and may approve or reject the project based on a demonstration that the following criteria are materially met:

    - The project is of an extraordinary/unique nature and is reasonably anticipated to contribute significantly to economic development and tourism in the State and communities where the project is located.

    - The project is reasonably anticipated to result in a substantial increase in out-of-state tourism.

    - A significant portion of sales tax revenue generated by the project is reasonably anticipated to be attributable to transactions with nonresidents of the zone.

    - The local government has provided reliable economic data demonstrating that in the absence of state sales tax increment revenue, the project is not reasonably anticipated to be developed within the foreseeable future.

  Recipients must follow the EDC resolution based on their application, and must build certain required elements and improvements and follow conditions established by the EDC. The provision for recapturing abated taxes is a formal decision by the EDC concluding the project has not commenced within five years.

- The Historic Preservation Tax Credit was created under Section 39-22-514.5 C.R.S. The program issues tax credits to owners of commercial and residential properties who perform certified rehabilitations on their certified historic structures. Tax credit certificates are issued for specific dollar amount based on amount of qualifying investment made. Taxpayers that have made a qualified rehabilitation receive the credit upon completion of rehabilitation, and the provision for recapturing abated taxes would be an income tax return audit conducted by the Department of Revenue. For taxpayers to quality for the credit, the property must be on a historical register (national, state, or local), and the rehabilitation must maintain the historic register status. A commercial property owner must submit a Tax Credit Application. Once the project is approved by History Colorado, OEDIT will reserve the tax credits for 90 days. The tax credit may be claimed upon completion of the project and approved proof of rehabilitation. Qualified rehabilitation costs are those that support the National Historic Preservation Standard.

The maximum credit for the State Tax Credit is $50,000 for residential properties within a ten-year period; the amount resets with change of ownership. The maximum credit for the State Tax Credit for commercial properties is $1 million per year per property. The State Tax Credit for commercial properties has a cap on the amount that can be awarded to all projects during a calendar year - $5 million to projects with rehabilitation expenditures of $2 million or less and $5 million to projects with rehabilitation expenditures greater than $2 million. These credits are awarded on a first come – first serve basis.

Taxpayers must register with OEDIT and submit a tax credit application using OEDIT's project checklist. Applications are reviewed by History Colorado's Office of Archaeology and Historic Preservation, which has up to 45 days to review applications for the State Tax Credit for residential properties and the Federal ITC. History Colorado and the Colorado Office of Economic Development and International Trade have 90 days to review commercial applications for State Tax Credits.

Information relevant to disclosure of these tax abatement programs for the fiscal year ended June 30, 2018 is as follows:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Colorado Enterprise Zone Business Tax Credits	$ 54,515
Colorado Enterprise Zone Contribution Tax Credits	14,567
Job Growth Incentive Tax Credits	6,885
Regional Tourism Act[1]	6,398
Historic Preservation Tax Credit	4,148
Total	$ 86,513

[1] Amount represents Tax Credit Certificates issued for calendar year 2017.

NOTE 21 – SUBSEQUENT EVENTS

A. DEBT ISSUANCES AND REFUNDINGS

On July 18, 2018, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2018A. The notes mature on June 27, 2019. The total due on that date includes $310,000,000 in principal and $12,618,333 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $7,943,900, an average coupon rate of 4.32%, and a true interest cost of 1.57%.

On July 18, 2018, University of Northern Colorado Board of Trustees issued $19,130,000 in fixed rate Institutional Enterprise Revenue Refunding Bonds, Series 2018A and 2018B, at a $1,775,120.70 premium for total proceeds of $20,905,120.70. The 2018A bonds were issued at $7,110,000 with a coupon rate between 3.625% and 5%. They will mature on June 1, 2041. The 2018B bonds were issued at $12,020,000 are set to mature on June 1, 2036 and have coupon rates between 4% and 5%. The proceeds of $20,700,000 will refund the series 2008A and 2011B bonds, while the remaining $200,000 represents cost of issuance.

On July 19, 2018, the State issued General Fund Tax and Revenue Anticipation Notes (GTRAN), Series 2018. The notes mature on June 26, 2019. The total due on that date includes $600,000,000 in principal and $24,338,889 in interest. The GTRAN was issued with a premium of $15,552,000, an average coupon rate of 4.33%, and a true interest cost of 1.53%.

On August 1, 2018, Campus Village Apartments (CVA) directed the trustee of the Series 2008 Student Housing Revenue Refunding Bonds to redeem all of the outstanding bonds and any accrued interest (2018 Redemption). The 2018 Redemption consisted of $53,040,000 in outstanding principal and $481,000 in accrued interest. The 2018 Redemption was funded with $48,015,000 in proceeds from the issuance of the Series 2018A University Enterprise Revenue Bonds (Series 2018A) by the University of Colorado, a debt service fund of $481,000 maintained by CVA, and $5,205,000 in proceeds from the August 1, 2018 maturity of the Guaranteed Investment Agreement and its accrued interest. The balance of the funding was used to pay for costs of issuance of the Series 2018A estimated at $180,000. Additionally, during the year ended June 30, 2018, the board of directors of the University of Colorado Property Corporation (CUPCO) adopted a resolution to designate CVA a "facility" under the University's Master Bond Resolution and to pledge all net revenues generated by CVA to repayment of the Series 2018A. For Fiscal Year 2019 and forward, the board of directors of the CUPCO pledged that any net proceeds generated through any sale or long-term lease of CVA be promptly available for distribution to the University.

The University of Colorado Regents have authorized up to $200,000,000 of commercial paper to fund capital projects during their construction. On September 9, 2018, the University issued an additional $30,000,000 of commercial paper to continue funding construction projects at CU-Boulder, bringing the total outstanding to $70,000,000. The University anticipates additional issuance of commercial paper in this program during Fiscal Year 2019.

On September 18, 2018, the State issued Building Excellent Schools Today (BEST) Refunding Certificates of Participation (COP), Series 2018L in the amount of $75,290,000 and Refunding Certificates of Participation, Series 2018M in the amount of $93,535,000. These BEST COPs were issued as tax-exempt bonds with premiums of $9,264,401 and $14,359,928, respectively; average coupon rates of 4.49% and 5.00%, respectively; and true interest costs of 2.76% and 3.01%, respectively. For both series, base rents are due semiannually beginning on March 15, 2019, with Series 2018L having a final maturity date of March 15, 2030 and Series 2018M having a final maturity date of March 15, 2031.

On September 26, 2018, the State issued Rural Colorado Certificates of Participation (COPs), Series 2018A in the amount of $500,000,000. The COPs were issued with an original issue discount of $526,047, a premium of $47,368,567, an average coupon rate of 4.49%, and a true interest cost of 3.48%. Base Rents are due semiannually beginning on December 15, 2018, with a final maturity date of December 15, 2037.

On October 16, 2018, Colorado State University System issued $4,800,000 in taxable commercial paper, maturing December 11, 2018, used to short-term finance construction costs on the Translational Medicine Institute building.

On October 16, 2018, Colorado State University System issued $14,200,000 in tax-exempt commercial paper, maturing January 24, 2019, that will be used to short-term finance construction costs on the Richardson Design Center and WCRC Orchard Mesa Consolidation Center (Western Center for Research, Extension & Engagement).

On October 17, 2018, the University of Colorado issued $64,360,000 of University Enterprise Revenue Bonds, Series 2018B to fund the construction of four projects at the University of Colorado Colorado Springs (UCCS). Interest rates on the bonds ranged from 3% to 5%, and the first interest payment date is December 1, 2018. The final maturity of the bonds is June 1, 2048, with the first principal payment due on June 1, 2020.

On November 29, 2018, Colorado State University System sold $30,420,000 taxable Series 2018A Enterprise Revenue Bonds. The 2018A bonds were sold as State-Intercept backed bonds and will be used for the purpose of financing an approximately 38,000-square-foot Center for Vector-Borne Infectious Diseases, a portion of the JBS Global Food Innovation Center addition to the Animal Science building, and paying certain costs relating to the issuance of the Series 2018A bonds.

In November 2018, Colorado Mesa University entered into an agreement with Morgan Stanley to purchase Enterprise Refunding Bonds Series 2019A in the amount of $24,500,000 to (a) refund the tax-exempt Series 2009A bonds; and (b) pay the costs of issuance of the bonds. The 2019A bond is a forward direct purchase refunding of the Series 2009A bonds and includes a $2,700,000 bond premium that will be amortized over the life of the Series 2019A bonds. The average coupon rate is 4.99% and the all-in true interest cost is 3.57%. Final maturity is for the 2019A bonds is May 2033. The refunding resulted in an economic gain of $1,900,000 and an accounting gain of $2,300,000. The purchase of these bonds will occur February 19, 2019.

On December 6, 2018, the State issued Building Excellent Schools Today (BEST) Certificates of Participation (COP), Series 2018N in the amount of $240,425,000. The COPs were issued as tax-exempt bonds with a premium of $12,455,962, an average coupon rate of 4.32%, and a true interest cost of 3.96%. Base Rents are due semiannually beginning on March 15, 2019, with a final maturity date of March 15, 2043.

B. OTHER

On July 13, 2018, the Colorado School of Mines paid $2,960,000 cash for the purchase of land. The land will be used to develop a student residence hall and other mixed-use space.

On September 6, 2018, Western Colorado University announced the creation of the Paul M. Rady School of Computer Science and Engineering in partnership with the University of Colorado Boulder. The new school was made possible by an $80,000,000 gift from a private donor. The gift will fund a new 75,000-square-foot building on Western Colorado University's campus and support future operational needs of the school. The partnership with the University of Colorado Boulder will allow students to complete their first two years of coursework as Western Colorado University students and the balance of their education as University of Colorado Boulder students, all while remaining on the Western Colorado University's campus in Gunnison. The partnership will allow the University to play a key role in addressing the shortage of technologically-skilled workers in the State of Colorado.

In October 2018, Western Colorado University and its Foundation executed a new Memorandum of Understanding (MOU). The MOU details the fundraising and development services the Foundation will provide on behalf of the University and the compensation the University will provide to the Foundation for those services. The initial term of the MOU expires June 30, 2019, but the parties have the option to renew annually until June 30, 2023. Additionally, the MOU details the Foundation's intent to transfer two building assets, the Borick Business Building and the Foundation's condominium share of the University Center, to the University in fiscal year 2019. Along with the transfer of those assets, Western Colorado University will assume approximately $4,000,000 of debt related to the University Center. These transfers will lead to an increase in the University's net investment in capital assets in fiscal year 2019.

The University of Colorado has formed a Colorado limited liability company named Altitude West, L.L.C.(Altitude West), a captive insurance company. The purpose of Altitude West is to insure property, casualty, and workers' compensation exposures of the University, for the benefit of the University, and to pursue any other lawful purpose for which a captive insurance company, issued a certificate of authority in the state and operating as a limited liability company, may be organized under Colorado law. The filing of the Articles of Organization was effective August 20, 2018, with the office of Colorado's Secretary of State, and captive operations began with an effective date of October 1, 2018, with an initial contribution from the University of $2,500,000.

NOTE 22 – DISCRETELY PRESENTED COMPONENT UNITS

As described in Note 1, the State's discretely presented component units (DPCUs) are entities that are legally separate from the State, but included in the reporting entity due to their relationships with the State. This note discusses the significant balances reported in the financial statements for DPCUs and financial items directly related to the State's financial accountability for the DPCUs. Contact information is provided in Note 1 for obtaining additional DPCU financial statement disclosures.

Basis of Accounting

The financial statements for the Colorado Water Resources and Power Development Authority (CWRPDA), a major DPCU, and the Denver Metropolitan Baseball Stadium District (the District), a nonmajor DPCU, are prepared on the accrual basis of accounting using the economic resources measurement focus and follow GASB standards for governments. The financial information presented for the CWRPDA and the District is presented for the fiscal year ended December 31, 2017.

The financial information for the University of Colorado (CU) Foundation, Colorado State University (CSU) Foundation, Colorado School of Mines (CSM) Foundation, and University of Northern Colorado (UNC) Foundation, which are major DPCUs, as well as HLC @ Metro, Inc., a nonmajor DPCU, is presented for the fiscal year ended June 30, 2018. These five DPCUs follow standards for not-for-profit accounting promulgated by the Financial Accounting Standards Board (FASB), which recommends preparing financial statements using the accrual basis of accounting.

Cash and Cash Equivalents

The CWRPDA reported cash and cash equivalents with a fair market value of $322.2 million. This amount comprises $282.8 million held by COLOTRUST (Colorado Local Government Liquid Asset Trust), $21.5 million held in the State Treasurer's Investment Pool, $17.7 million in a Federated Government Obligations Fund, and $0.2 million in bank cash deposits. The COLOTRUST and Federated deposits had nationally recognized statistical rating organization (NRSRO) credit ratings of AAAm. The COLOTRUST deposits were measured at net asset value per share (NAV) and the Federated deposits were measured using quoted market prices. The fair market value disclosures for the Treasurer's Investment Pool are disclosed in Note 4.

Investments

The CU Foundation, CSU Foundation, CSM Foundation, and UNC Foundation hold resources for the benefit of the State and the amount of those resources, the vast majority of which are investments, are significant to the State.

Since each foundations' financial statements are prepared according to FASB not-for-profit standards, the investment risk disclosures typical of government financial statements are not disclosed. Each of the foundations have adopted investment policies that seek to balance the preservation of capital while maintaining the purchasing power of those assets.

The foundations' investments are reported, to the extent possible, at fair market value. The FASB fair market value reporting requirements provide for a valuation method hierarchy similar to GASB's. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments – values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.

Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset (or liability), either directly or indirectly.

Level 3 Investments – classified as Level 3 have unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

The following table summarizes each foundation's investments by type within the fair value hierarchy as of June 30, 2018.

		Fair Value Measurements Using (Amounts In Thousands)			
Foundation Name Investment Type	**Fair Value as of 6/30/2018**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Net Asset Value Per Share**
University of Colorado Foundation					
Cash and Cash Equivalents	$ 13,961	$ 13,961	$ -	$ -	$ -
Domestic Equities	410,214	289,970	-	50,400	69,844
International Equities	484,964	334,672	-	-	150,292
Fixed Income	197,906	140,876	24,846	-	32,184
Real Estate	73,673	-	-	-	73,673
Private Equity	297,737	-	-	-	297,737
Absolute Return	257,316	-	-	-	257,316
Venture Capital	96,753	-	-	437	96,316
Commodities	12,239	1	-	-	12,238
Other	712	-	488	224	-
Assets Held Under Split-Interest Agreements	39,243	39,243	-	-	-
Beneficial Interest in Charitable Trusts Held by Others	8,406	-	-	8,406	-
Subtotal	**1,893,124**	**818,723**	**25,334**	**59,467**	**989,600**
Colorado State University Foundation					
Cash Equivalents	5,784	5,784	-	-	-
Public Equities	253,229	119,560	-	-	133,669
Fixed Income	63,718	35,376	-	-	28,342
Other	20,361	20,361	-	-	-
Hedge Funds	42,768	-	-	-	42,768
Private Markets	75,971	-	-	-	75,971
Short Duration	15,293	15,293	-	-	-
Opportunistic Investments	10,539	-	-	-	10,539
Student-Managed Investments	1,105	1,105	-	-	-
Subtotal	**488,768**	**197,479**	**-**	**-**	**291,289**
Colorado School of Mines Foundation					
Managed Domestic Equity Funds	92,209	62,589	29,620	-	-
International Equities	75,910	26,952	48,958	-	-
Fixed Income - Mutual Funds	28,062	28,062	-	-	-
Cash Equivalent Funds	4,066	-	4,066	-	-
Long/Short Hedge Funds	51,255	-	51,242	13	-
Private Equity Funds	58,232	-	-	-	58,232
Assets Held Under Split-Interest Agreements	14,031	13,956	-	75	-
Assets Held Under Gift Annuity Agreements	3,468	3,267	201	-	-
Beneficial Interest in Endowments Held by Others	10,769	10,254	501	14	-
Beneficial Interest in Long-Term Trusts Held by Others	197	197	-	-	-
Subtotal	**338,199**	**145,277**	**134,588**	**102**	**58,232**
University of Northern Colorado Foundation					
Cash Equivalent Mutual Funds	4,142	4,142	-	-	-
Equities	52,241	52,241	-	-	-
Fixed Income	15,442	14,872	570	-	-
Student-Managed Funds	2,646	-	2,646	-	-
Stock/Bond Mixed Mutual Funds	980	980	-	-	-
Master Limited Partnerships	7,285	7,285	-	-	-
Real Estate	2,547	2,547	-	-	-
Beneficial Interest In Long-Term Trusts Held by Others	8,131	-	-	8,131	-
Alternative Investments Measured at NAV	24,070	-	-	-	24,070
Subtotal	**117,484**	**82,067**	**3,216**	**8,131**	**24,070**
Total	**2,837,575**	**1,243,546**	**163,138**	**67,700**	**1,363,191**

Receivables

The CWRPDA loans funds to finance local government water resources projects, wastewater treatment projects, and drinking water projects. The CWRPDA reported loans receivable of $980.1 million as of December 31, 2017. The scheduled maturities of the loans receivable are below.

Colorado Water Resources and Power Development Authority
Loans Receivable
(In Thousands)

Year	Principal	Interest	Total
2018	$ 70,105	$ 16,355	$ 86,460
2019	70,411	15,074	85,485
2020	63,895	13,795	77,690
2021	62,888	12,634	75,522
2022	63,639	11,478	75,117
2023 to 2027	285,577	43,147	328,724
2028 to 2032	215,890	24,684	240,574
2033 to 2037	121,272	7,734	129,006
2038 to 2042	23,101	1,585	24,686
2043 to 2047	3,331	126	3,457
Total	**$ 980,109**	**$ 146,612**	**$1,126,721**

The CU Foundation, CSU Foundation, CSM Foundation, and UNC Foundation reported contributions receivable of $263.3 million. This amount is net of allowances for uncollectible contributions, which the foundations estimate based on historical collectability and management's analysis of specific promises outstanding and current economic conditions. Of the $263.3 million reported, $69.0 million is due within one year, $171.2 million is due within one to five years, and $19.9 million is due with five to ten years. An additional $3.2 million was reported by the CSM Foundation for contributions receivable from trusts held by others.

Debt Service Requirements

The CWRPDA has issued several bonds to finance local government water projects, which do not constitute debt of the State. One series of Drinking Water Revenue Bonds was issued in 2017 for $15.6 million. Also, the 1997 Series A bonds in the Small Water Resources Program and three series of bonds, 2004 Series B, 2004 Series E, and 2005 Series F, in the Water Revenue Bonds Program were fully retired in 2017. As of December 31, 2017, the CWRPDA reported $40.1 million in current bonds payable and $450.3 million in noncurrent bonds payable.

The schedule below summarizes the remaining debt service payments for all bond issuances for the CWRPDA.

Colorado Water Resources and Power Development Authority
Debt Service Requirements
(In Thousands)

Year	Principal	Interest	Total
2018	$ 40,105	$ 21,070	$ 61,175
2019	39,260	19,396	58,656
2020	34,585	17,619	52,204
2021	32,890	16,045	48,935
2022	34,155	14,509	48,664
2023 to 2027	146,495	52,395	198,890
2028 to 2032	105,200	26,330	131,530
2033 to 2037	46,170	7,559	53,729
2038 to 2042	9,655	1,564	11,219
2043 to 2044	1,870	118	1,988
Total	**$ 490,385**	**$ 176,605**	**$ 666,990**

In 2010, the Board of Trustees of the Metropolitan State University of Denver created HLC @ Metro, Inc. to finance, construct, operate, and own the Hotel and Hospitality Learning Center. Bonds were issued in 2010 to finance the construction in the amount of $54.9 million. HLC @ Metro is servicing this debt, which has been guaranteed by the State. The schedule below summarizes the remaining debt service payments.

HLC @ Metro, Inc.
Debt Service Requirements
(In Thousands)

Fiscal Year	Principal	Interest	Total
2019	$ 1,250	$ 3,090	$ 4,340
2020	1,300	3,038	4,338
2021	1,350	2,981	4,331
2022	1,385	2,920	4,305
2023	1,425	2,846	4,271
2024 to 2028	7,930	12,950	20,880
2029 to 2033	9,590	10,261	19,851
2034 to 2038	11,745	6,825	18,570
2039 to 2043	15,890	2,847	18,737
Total	**$ 51,865**	**$ 47,758**	**$ 99,623**

Capital Assets

The District owns and operates a major league baseball stadium and other related capital assets. The District depreciates land improvements, buildings and other property and equipment using the straight-line method over estimated useful lives that range from three to 50 years. Changes in capital assets for the District for 2017 are below.

Denver Metropolitan Major League Baseball Stadium District
Changes in Capital Assets
(In Thousands)

	Beginning Balance, 1/1/2017	Additions	Retirements	Ending Balance, 12/31/2017
Historical Costs				
Land	$ 20,614	$ -	$ -	$ 20,614
Land Improvements	13,215	-	-	13,215
Buildings	173,442	1,446	-	174,888
Construction in Progress	-	3,628	-	3,628
Other Property and Equipment	28,711	2,233	-	30,944
Total	**235,982**	**7,307**	**-**	**243,289**
Accumulated Depreciation				
Land Improvements	(6,026)	(227)	-	(6,253)
Buildings	(62,232)	(3,679)	-	(65,911)
Other Property and Equipment	(21,935)	(893)	-	(22,828)
Total	**(90,193)**	**(4,799)**	**-**	**(94,992)**
Net Capital Assets	**$ 145,789**	**$ 2,508**	**$ -**	**$ 148,297**

Transactions with the Primary Government

Pursuant to statutes, with the written consent of the Department of Public Health and Environment, the CWRPDA is authorized, on behalf of the State, to execute operating agreements with the United States Environmental Protection Agency. The CWRPDA entered into a memorandum of agreement with the Department of Public Health and Environment and the Department of Local Affairs, under which each has agreed to assumed specified responsibilities. The CWRPDA incurred expenses for the two state agencies totaling $8.9 million in the fiscal year ending December 31, 2017.

As described above, HLC @ Metro, Inc. operates the Hotel and Hospitality Learning Center. The Auraria Higher Education Center leases the ground on which the Hotel is built to Metropolitan State University of Denver for $1 per year. The University subleases the land to HLC @ Metro, Inc. for $1 per year. HLC @ Metro, Inc. recorded an asset for use of the land at the inception of the sublease and records rent expense at an estimated fair market value, reducing the value of the land asset. For Fiscal Year 2017-18, rent expense of $110, 311 was recorded.

The CU Foundation reported custodial funds of $428.3 million, held for investment for the University of Colorado. The Foundation collects a 1% annual advancement support fee of these funds, which was $3.5 million for Fiscal Year 2017-18. $166.7 million of distributions were transferred to the University and $21.6 million of advancement support fees were paid to the University.

On June 30, 2018, the CSU Foundation held $13.6 million of Colorado State University's funds for investment purposes. The Foundation has an agreement to provide the University with a $5 million line-of-credit, which accrues interest at the prime rate plus 1.0% witch a floor of 2.5% and a ceiling of 6.0%. At year end, the line-of-credit had a zero balance. During Fiscal Year 2017-18, the Foundation provided $112.6 million in program services support to the University.

The CSM Foundation held $34.3 million for the Colorado School of Mines for the purposes of long-term investments at year end. The Foundation provided $28.3 million to the School in school support and advancements.

The UNC Foundation provided $14.5 million for programs, scholarships, and capital support to University of Northern Colorado in Fiscal Year 2017-18. Also, the Foundation held $.5 million for the University for investment purposes on June 30, 2018. The University leases a building to the Foundation for its administrative offices at a rate of $1 per year for 99 years; an estimate of the fair value of this lease was not reported.

Pension Information

The CWRPDA participates in the PERA defined benefit pension plan disclosed in Note 6. Disclosures in Note 6 for the PERA State Division Trust Fund (SDTF) regarding general information about the plan, contributions, and actuarial assumptions are also applicable to the CWRPDA. The pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions specific to the CWRPDA are provided below.

At December 31, 2017, the CWPRDA reported a liability of $7,241,921 for its proportionate share of the collective net pension liability.

The CWRPDA recognized pension expense of $1,610,427 for the fiscal year ended December 31, 2017. At December 31, 2017 the CWRPDA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 71,987	$ -
Changes of assumptions or other inputs	1,842,391	22,291
Net difference between projected and actual earnings on pension plan investments	240,075	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	126,168	-
Contributions subsequent to the measurement date	222,471	-
Total	**$ 2,503,092**	**$ 22,291**

At December 31, 2017, the CWRPDA reported $222,471 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2018	$ 1,268,561
2019	920,654
2020	66,574
2021	2,541
	$ 2,258,330

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
BUDGET AND ACTUAL - APPROPRIATED GENERAL FUNDED
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 3,270,072	
Income Taxes			7,230,185	
Other Taxes			284,004	
Sales and Services			663	
Interest Earnings			20,840	
Other Revenues			26,054	
Transfers-In			288,049	
TOTAL REVENUES AND TRANSFERS-IN			11,119,866	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 10,506	$ 10,506	10,469	$ 37
Corrections	769,192	778,298	775,145	3,153
Education	4,102,172	4,071,448	4,070,866	582
Governor	35,325	34,525	34,114	411
Health Care Policy and Financing	2,821,772	2,796,026	2,796,562	(536)
Higher Education	894,908	893,190	892,913	277
Human Services	866,955	883,415	880,494	2,921
Judicial Branch	513,002	517,650	515,023	2,627
Labor and Employment	21,381	21,263	20,896	367
Law	16,214	16,214	15,733	481
Legislative Branch	48,281	48,281	48,281	-
Local Affairs	27,856	24,662	24,614	48
Military and Veterans Affairs	10,530	10,531	9,984	547
Natural Resources	30,865	30,865	30,840	25
Personnel & Administration	12,499	11,499	11,460	39
Public Health and Environment	48,798	46,779	46,766	13
Public Safety	123,448	124,688	124,314	374
Regulatory Agencies	1,845	1,845	1,844	1
Revenue	78,995	78,052	77,651	401
Treasury	3,448	3,448	1,186	2,262
SUB-TOTAL OPERATING BUDGETS	10,437,992	10,403,185	10,389,155	14,030
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	889	243	203	40
Corrections	6,078	33,960	13,131	20,829
Education	-	14,235	8,731	5,504
Governor	33,283	65,427	30,428	34,999
Health Care Policy and Financing	1,876	-	-	-
Higher Education	72,326	85,356	52,426	32,930
Human Services	34,697	51,666	12,287	39,379
Military and Veterans Affairs	-	7,181	1,583	5,598
Personnel & Administration	3,150	17,153	10,188	6,965
Public Health and Environment	1,445	93	-	93
Public Safety	-	3,315	3,315	-
Revenue	-	62,492	18,736	43,756
Transportation	802	1,000	500	500
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	154,546	342,121	151,528	190,593
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 10,592,538	$ 10,745,306	10,540,683	$ 204,623
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 579,183	

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

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES, AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 15,762	
Income Taxes			617,000	
Other Taxes			99,782	
Tuition and Fees			1,800,224	
Sales and Services			1,346,738	
Interest Earnings			35,483	
Health Care Provider Fees			13	
Other Revenues			706,416	
Transfers-In			1,457,271	
Capital Contributions			1,999	
TOTAL REVENUES AND TRANSFERS-IN			6,080,688	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 33,829	$ 31,344	28,234	$ 3,110
Corrections	76,348	75,325	63,355	11,970
Education	889,108	815,821	711,802	104,019
Governor	273,263	272,903	219,039	53,864
Health Care Policy and Financing	1,289,056	1,290,170	1,260,325	29,845
Higher Education	2,947,641	2,959,598	2,867,493	92,105
Human Services	305,689	313,450	262,285	51,165
Judicial Branch	151,746	156,132	132,344	23,788
Labor and Employment	68,865	68,884	64,705	4,179
Law	61,053	60,565	57,249	3,316
Legislative Branch	1,648	1,648	1,450	198
Local Affairs	38,241	32,809	30,850	1,959
Military and Veterans Affairs	2,236	2,236	2,000	236
Natural Resources	225,266	225,007	169,642	55,365
Personnel & Administration	125,683	125,695	113,602	12,093
Public Health and Environment	239,411	240,714	212,153	28,561
Public Safety	230,937	230,880	211,454	19,426
Regulatory Agencies	85,284	86,009	79,801	6,208
Revenue	211,088	219,357	198,581	20,776
State	22,894	22,796	21,881	915
Transportation	35,572	35,572	33,487	2,085
Treasury	2,812	2,839	2,699	140
SUB-TOTAL OPERATING BUDGETS	7,317,670	7,269,754	6,744,431	525,323
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	17,319	4,607	12,712
Corrections	-	1,320	-	1,320
Governor	18,369	8,401	47	8,354
Higher Education	156,933	128,656	74,498	54,158
Human Services	1,957	1,974	426	1,548
Labor and Employment	6,300	43,620	16,907	26,713
Natural Resources	7,753	29,769	4,705	25,064
Personnel & Administration	-	1,445	925	520
Public Health and Environment	17,471	19,303	7,346	11,957
Public Safety	-	3,990	1,196	2,794
Transportation	600	500	500	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	209,383	256,297	111,157	145,140
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 7,527,053	$ 7,526,051	6,855,588	670,463
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (774,900)	

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

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES, AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 5,742,756	
TOTAL REVENUES AND TRANSFERS-IN			5,742,756	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 5,588,183	$ 5,535,195	5,366,714	$ 168,481
Human Services	323,876	345,967	315,774	30,193
Labor and Employment	38,289	42,069	35,603	6,466
Military and Veterans Affairs	-	300	290	10
Public Health and Environment	19,749	19,749	14,622	5,127
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	5,970,097	5,943,280	5,733,003	210,277
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 5,970,097	$ 5,943,280	5,733,003	$ 210,277
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 9,753	

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

RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	GENERAL	RESOURCE EXTRACTION	HIGHWAY USERS TAX	CAPITAL PROJECTS
BUDGETARY BASIS:				
Revenues and Transfers-In Appropriated (Required Supplementary Information):				
General	$ 11,040,837	$ -	$ -	$ 79,031
Cash	844,539	81,990	271,588	95,249
Federal	3,444,100	-	-	290
Sub-Total Revenues and Transfers-In Appropriated	15,329,476	81,990	271,588	174,570
Revenues and Transfers-In Non-Appropriated (Supplementary Information):				
General	781,647	-	-	-
Cash	4,663,138	432,582	2,034,439	29,083
Federal	2,363,187	138,512	769,476	18,105
Sub-Total Revenues and Transfers-In Non-Appropriated	7,807,972	571,094	2,803,915	47,188
Total Revenues and Transfers-In Appropriated and Non-Appropriated	23,137,448	653,084	3,075,503	221,758
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):				
General Funded	10,389,156	-	-	151,527
Cash Funded	710,456	48,263	264,175	87,225
Federally Funded	3,434,320	-	-	290
Expenditures/Expenses and Transfers-Out Appropriated	14,533,932	48,263	264,175	239,042
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):				
General Funded	748,717	-	-	-
Cash Funded	4,425,192	347,189	2,131,028	7,699
Federally Funded	2,366,394	138,684	701,759	18,294
Expenditures/Expenses and Transfers-Out Non-Appropriated	7,540,303	485,873	2,832,787	25,993
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	22,074,235	534,136	3,096,962	265,035
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	795,544	33,727	7,413	(64,472)
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	267,669	85,221	(28,872)	21,195
BUDGETARY BASIS ADJUSTMENTS:				
Increase/(Decrease) for Unrealized Gains/Losses	(21,328)	(8,703)	(7,062)	(2,282)
Increase/(Decrease) for GAAP Expenditures Not Budgeted	168,837	160,278	830,623	72,448
Increase/(Decrease) for GAAP Revenue Adjustments	(357,988)	(299,081)	(830,623)	(74,668)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	852,734	(28,558)	(28,521)	(47,779)
GAAP BASIS FUND BALANCES/NET POSITION:				
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	1,154,018	1,241,863	980,720	248,124
Prior Period Adjustments (See Note 15A)	-	-	-	(1,701)
Accounting Changes (See Note 15B)	-	-	-	-
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 2,006,752	$ 1,213,305	$ 952,199	$ 198,644

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

STATE EDUCATION	OTHER GOVERNMENTAL FUNDS	HIGHER EDUCATION INSTITUTIONS	UNEMPLOYMENT INSURANCE	STATE LOTTERY	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**TOTAL PRIMARY GOVERNMENT**	**FIDUCIARY FUND TYPES**
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,119,868	$ -
645,587	868,624	1,811,479	14,278	-	866,565	222,213	355,072	6,077,184	3,504
-	42	-	-	-	2,297,339	983	-	5,742,754	-
645,587	868,666	1,811,479	14,278	-	3,163,904	223,196	355,072	22,939,806	3,504
-	-	-	-	-	-	-	-	781,647	-
-	1,788,761	1,322,828	572,151	613,829	750	320,944	96,051	11,874,556	2,256,744
-	179,710	-	15,388	-	157,074	352,748	-	3,994,200	-
-	1,968,471	1,322,828	587,539	613,829	157,824	673,692	96,051	16,650,403	2,256,744
645,587	2,837,137	3,134,307	601,817	613,829	3,321,728	896,888	451,123	39,590,209	2,260,248
-	-	-	-	-	-	-	-	10,540,683	-
505,064	929,403	2,822,482	25,552	89,483	832,807	202,590	334,624	6,852,124	3,457
-	37	-	-	-	2,297,339	1,017	-	5,733,003	-
505,064	929,440	2,822,482	25,552	89,483	3,130,146	203,607	334,624	23,125,810	3,457
-	-	-	-	-	-	-	-	748,717	-
34,025	1,371,489	637,145	400,344	528,553	4,945	178,489	101,262	10,167,360	1,531,678
-	158,268	18,166	15,139	-	157,075	319,976	-	3,893,755	-
34,025	1,529,757	655,311	415,483	528,553	162,020	498,465	101,262	14,809,832	1,531,678
539,089	2,459,197	3,477,793	441,035	618,036	3,292,166	702,072	435,886	37,935,642	1,535,135
140,523	(60,774)	(1,011,003)	(11,274)	(89,483)	33,758	19,589	20,448	(186,004)	47
(34,025)	438,714	667,517	172,056	85,276	(4,196)	175,227	(5,211)	1,840,571	725,066
(2,713)	(50,924)	(8)	(5)	(553)	(458)	(7,657)	(487)	(102,180)	(3,054)
370	683,757	(24,472)	(2,512)	(4,285)	(18,702)	(146,734)	(151,334)	1,568,274	1,373
(369)	(874,873)	(1,232)	(875)	-	-	(19,402)	(1,613)	(2,460,724)	(15,065)
-	-	(559,682)	-	-	-	-	-	(559,682)	-
103,786	135,900	(928,880)	157,390	(9,045)	10,402	21,023	(138,197)	100,255	708,367
102,131	2,636,647	2,342,586	918,757	(27,116)	-	1,336,104	(401,113)	10,532,721	7,746,314
-	-	-	-	-	-	-	-	(1,701)	-
-	-	(631,716)	(648)	(1,001)	-	(16,949)	(14,796)	(665,110)	-
$ 205,917	$ 2,772,547	$ 781,990	$ 1,075,499	$ (37,162)	$ 10,402	$ 1,340,178	$ (554,106)	9,966,165	$ 8,454,681

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1 – BUDGETARY INFORMATION

A. BUDGETARY BASIS

Budget schedules are presented as appropriated and nonappropriated for each category. The appropriated schedules are part of the Required Supplementary Information (RSI) section while the nonappropriated schedules are part of the Supplementary Information (SI) section.

The three budget-to-actual schedules in the RSI show revenues and expenditures that are legislatively appropriated, excluding informational only appropriations that do not require action of the legislature but are included in the appropriations bills for informational purposes only. These schedules are presented in the budgetary fund structure discussed below.

Budgetary fund types differ from fund types proscribed by generally accepted accounting principles. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds include financial resources designated to support specific expenditures. Federal funds primarily include revenues received from the federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures until appropriated.

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

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions:

- Payments to employees paid on a monthly basis for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.

- Certain payments by state agencies to the Office of Information Technology for information technology services purchased in June using general-funded appropriations are reported as expenditures in the following fiscal year.

- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to non-administrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures. In most years, this results in the Department of Health Care Policy and Financing excluding expenditures accrued for services provided but not yet billed.

- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.

- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.

- Pension expense related to unfunded pension liabilities are not recognized on a budgetary basis.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of the State government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriations made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

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

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

Most general and cash funded appropriations, with the exception of capital projects, lapse at year-end unless specifically required by the General Assembly or executive action is taken to rollforward all or part of the remaining unspent budget authority. Appropriations that meet the strict criteria for rollforward are reported in Note 19. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end. Cash funded highway construction, maintenance and operations in the Department of Transportation are appropriated as operating budgets, but remain available in future years through action of the Transportation Commission.

The appropriation controls the combined expenditures and encumbrances of the State, in the majority of the cases, to the level of line item within the State agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures. The appropriation may be retroactively adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act and special bills, excluding informational only appropriations. The column titled Final Spending Authority includes the original appropriation and supplemental appropriations of the Legislature.

Spending occurs outside of the legislative appropriations process primarily for custodial purposes, federally-funded activity for which there is no general-purpose revenue matching requirement, statutory transfers, and other miscellaneous budgetary items. Additional budget-to-actual schedules related to nonappropriated activity are included in the Supplementary Section of the Comprehensive Annual Financial Report.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as noted above. In the General Purpose Revenue Fund and Capital Projects Fund, if earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 2. Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary schedules. These events and transactions are shown in the reconciliation as “Unrealized Gains/Losses” and/or “GAAP Revenue Adjustments.”

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure and how nonappropriated revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure relate to the change in fund balances/net position for the funds presented in the fund-level financial statements.

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense related to loan activity and depreciation, are not budgeted by the General Assembly. In addition, certain General Purpose Revenue Fund payroll disbursements for employee time worked in June by employees paid on a monthly basis, June general-funded purchases of service from the Office of Information Technology, and Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30 are excluded from the expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as “GAAP Expenditures Not Budgeted.” Additionally, this line item includes some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis.

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary schedules. These events and transactions are shown in the reconciliation as “Unrealized Gains/Losses” and/or “GAAP Revenue Adjustments.”

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual schedules is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The State uses encumbrance accounting as an extension of formal budget implementation in most funds except certain fiduciary funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2 – THE STATE'S DEFINED BENEFIT PENSION PLAN

A. PROPORTIONATE SHARE OF PENSION LIBILITY AND CONTRIBUTIONS

Proportionate Share:

The State Division and Judicial Division Trust Funds – which are defined benefit cost-sharing multiple-employer pension plans – are administered by the Public Employees' Retirement Association (PERA). The schedule below presents the State's (primary government's) proportionate share of the net pension liability for its retirement plan. The amounts presented for each Division were determined as of the measurement date, which is the calendar year-end that occurred within the State's fiscal year. Information is not available prior to calendar year 2013.

State Division

(Amounts In Thousands)	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of Net Pension liability	$ 19,091,149	$ 17,539,728	$ 10,079,252	$ 9,016,144	$ 8,539,181
State's covered payroll	$ 2,796,014	$ 2,751,094	$ 2,687,152	$ 2,586,800	$ 2,570,286
State's proportionate share of the net pension liability as a percentage of its covered payroll	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	43.20%	42.59%	56.11%	59.84%	61.00%

Judicial Division

(Amounts In Thousands)	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of Net Pension liability	$ 218,136	$ 239,423	$ 172,824	$ 129,499	$ 102,756
State's covered payroll	$ 46,764	$ 46,320	$ 44,159	$ 40,114	$ 37,203
State's proportionate share of the net pension liability as a percentage of its covered payroll	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	58.70%	53.19%	60.13%	66.89%	77.41%

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the State and Judicial Divisions as of each fiscal year ending June 30:

State & Judicial Division

(Amounts In Thousands)

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Contractually required contributions	$ 549,049	$ 524,478	$ 492,159	$ 453,406	$ 419,912	$ 368,468	$ 276,326	$ 256,682	$ 291,892	$ 277,229
Contributions in relation to the contractually required contributions	(549,049)	(524,478)	(492,159)	(453,406)	(419,912)	(368,468)	(276,326)	(256,682)	(291,892)	(277,229)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455	1,998,390	2,438,135	2,504,059
Contributions as a percentage of covered payroll	19.08%	18.64%	17.76%	16.87%	15.98%	14.62%	11.26%	12.84%	11.97%	11.07%

State Division

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Contractually required contributions	$ 541,295	516,932	484,588	$ 446,528	$ 413,694	$ 362,791	$ 272,068	$ 252,727	$ 287,394	$ 272,957
Contributions in relation to the contractually required contributions	(541,295)	(516,932)	(484,588)	(446,528)	(413,694)	(362,791)	(272,068)	(252,727)	(287,394)	(272,957)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	$ 2,829,559	2,767,479	2,725,417	2,645,149	2,590,401	2,479,774	2,422,689	1,969,813	2,409,003	2,474,678
Contributions as a percentage of covered payroll	19.13%	18.68%	17.78%	16.88%	15.97%	14.63%	11.23%	12.83%	11.93%	11.03%

Judicial Division

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Contractually required contributions	$ 7,754	$ 7,546	$ 7,571	$ 6,878	$ 6,218	$ 5,677	$ 4,258	$ 3,955	$ 4,498	$ 4,272
Contributions in relation to the contractually required contributions	(7,754)	(7,546)	(7,571)	(6,878)	(6,218)	(5,677)	(4,258)	(3,955)	(4,498)	(4,272)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	47,454	46,181	46,332	42,088	38,057	41,019	30,766	28,577	29,132	29,381
Contributions as a percentage of covered payroll	16.34%	16.34%	16.34%	16.34%	16.34%	13.84%	13.84%	13.84%	15.44%	14.54%

B. CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

		Fiscal Year Ending	
University Alternate Medicare Plan		**June 30, 2018**	**June 30, 2017**
Service cost	$	4,262,000	3,194,000
Interest on total AMP liability		2,231,000	2,391,000
Changes in benefit terms		-	-
Differences between expected and actual experience		(3,377,000)	(101,000)
Changes of assumptions		(3,180,000)	10,999,000
Benefit payments		(1,448,000)	(1,349,000)
Net change in total AMP liability		(1,512,000)	15,134,000
Total AMP liability (beginning)		74,723,000	59,589,000
Total AMP liability (ending)	$	73,211,000	74,723,000
Plan Fiduciary Net Position			
Contributions	$	1,448,000	1,349,000
Net investment income		-	-
Benefit payments		(1,448,000)	(1,349,000)
Administrative expense		-	-
Net change in plan fiduciary net position		-	-
Plan fiduciary net position (beginning)		-	-
Plan fiduciary net position (ending)		-	-
Total AMP liability (ending)	$	73,211,000	74,723,000
Net position as a % of AMP liability		0.00%	0.00%
Covered-employee payroll	$	1,187,065,000	942,644,000
Total AMP liability as a % of payroll		6.17%	7.93%

C. SIGNFICANT CHANGES IN ASSUMPATIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

Changes in assumptions are discussed in Note 6.

NOTE RSI-3 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) INFORMATION

A. PROPORTIONATE SHARE OF PERA HEALTH CARE TRUST FUNDS OPEB LIBILITY AND CONTRIBUTIONS

Proportionate Share:

The State’s Health Care Trust Fund (HFTC) – a defined benefit cost-sharing multiple-employer other post-employment benefit plan – is administered by the Public Employees’ Retirement Association (PERA). The schedule below presents the State’s (primary government’s) proportionate share of the net OPEB liability for its OPEB plan. The amounts presented were determined as of the measurement date, which is the calendar year-end that occurred within the State’s fiscal year. Information is not available prior to Calendar Year 2016.

(Amounts In Thousands)	CY 2017	CY 2016
State's proportion (percentage) of the collective net OPEB liability	33.71%	33.83%
State's proportionate share of the collective net OPEB liability	$ 438,113	$ 438,677
State's covered payroll	$ 2,842,778	$ 2,797,414
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	15.41%	15.68%
Fiduciary net position as a percentage of the total OPEB liability	17.53%	16.72%

Contributions:

The following schedule presents a ten-year history of the State’s (primary government’s) contribution to PERA for the HCTF as of each fiscal year ending June 30:

(Amounts In Thousands)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Contractually required contributions	$ 29,346	$ 28,699	$ 28,272	$ 27,410	$ 26,810	$ 25,712	$ 25,025	$ 20,384	$ 24,869	$ 25,541
Contributions in relation to the contractually required contributions	(29,346)	(28,699)	(28,272)	(27,410)	(26,810)	(25,712)	(25,025)	(20,384)	(24,869)	(25,541)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455	1,998,390	2,438,135	2,504,059
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

B. SIGNFICANT CHANGES IN ASSUMPATIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

Changes in assumptions and other inputs affecting trends in actuarial information are discussed in Note 7.

C. CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

University OPEB Plan		Fiscal Year Ending June 30, 2018
Service cost	$	53,099,000
Interest cost		24,648,000
Changes in benefit terms		-
Differences between expected and actual experience		(87,654,000)
Changes of assumptions		(46,406,000)
Benefit payments		(17,211,000)
Net change in total OPEB liability		(73,524,000)
Total OPEB liability (beginning)		820,297,000
Total OPEB liability (ending)	$	746,773,000
Plan Fiduciary Net Position		
Contributions	$	17,211,000
Net investment income		-
Benefit payments		(17,211,000)
Administrative expense		-
Net change in plan fiduciary net position		-
Plan fiduciary net position (beginning)		-
Plan fiduciary net position (ending)		-
Total OPEB liability (ending)	$	746,773,000
Net position as a % of OPEB liability		0.00%
Covered-employee payroll	$	1,475,177,000
Total OPEB liability as a % of payroll		50.62%

D. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE MEDICAL SUBSIDY FOR DCP PARTICIPANTS – CSU SYSTEM

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

(Amounts in thousands)		CY2017	CY2016
Total OPEB liability (asset):			
Service cost	$	1,648	N/A
Interest		1,815	N/A
Differences between expected and actual experience		(243)	N/A
Changes of assumptions		285	N/A
Benefit payments		(903)	N/A
Net change in total OPEB liability		2,602	N/A
Total OPEB liability (asset) - beginning		34,491	N/A
Total OPEB liability (asset) - ending (a)	**$**	**37,093**	**34,491**
Plan fiduciary net position:			
Contributions-employer	$	1,850	N/A
Net investment income		3,114	N/A
Benefit payments		(903)	N/A
Administrative expense		(47)	N/A
Net change in plan fiduciary net position		4,014	N/A
Plan fiduciary net position - beginning		42,542	N/A
Plan fiduciary net position - ending (b)	**$**	**46,556**	**42,542**
Net OPEB liability (asset) - ending (a)-(b)	**$**	**(9,463)**	**(8,051)**
Plan fiduciary net position as a percentage of the total OPEB liability		125.5%	123.3%
Covered-employee payroll	$	370,767	348,547
Net OPEB liability (asset) as a percentage of covered-employee payroll		-2.6%	-2.3%

Notes To Required Supplementary Information

Changes of assumptions and methods:

Discount rate/investment rate of return: For the fiscal year ended June 30, 2018, the discount rate/investment rate of return assumption was updated to 5.23 percent. For the fiscal year ended June 30, 2017, the discount rate/investment rate of return assumption was 5.33 percent.

Mortality assumption: For the fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. For the fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females, and generational projection using improvement scale BB.

E. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE MEDICAL SUBSIDY FOR PERA PARTICIPANTS – CSU SYSTEM

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

(Amounts in thousands)		CY2017	CY2016
Total OPEB liability (asset):			
Service cost	$	376	N/A
Interest		2,332	N/A
Differences between expected and actual experience		(90)	N/A
Changes of assumptions		119	N/A
Benefit payments		(1,569)	N/A
Net change in total OPEB liability		1,168	N/A
Total OPEB liability (asset) - beginning		44,523	N/A
Total OPEB liability (asset) - ending (a)	**$**	**45,691**	**44,523**
Plan fiduciary net position:			
Contributions-employer	$	2,011	N/A
Net investment income		1,628	N/A
Benefit payments		(1,569)	N/A
Administrative expense		(34)	N/A
Net change in plan fiduciary net position		2,036	N/A
Plan fiduciary net position - beginning		22,584	N/A
Plan fiduciary net position - ending (b)	**$**	**24,620**	**22,584**
Net OPEB liability (asset) - ending (a)-(b)	**$**	**21,071**	**21,939**
Plan fiduciary net position as a percentage of the total OPEB liability		53.9%	50.7%
Covered-employee payroll	$	15,721	17,415
Net OPEB liability (asset) as a percentage of covered-employee payroll		134.0%	126.0%

Notes To Required Supplementary Information

Changes of assumptions and methods:

Discount rate/investment rate of return: For the fiscal year ended June 30, 2018, the discount rate/investment rate of return assumption was updated to 5.23 percent. For the fiscal year ended June 30, 2017, the discount rate/investment rate of return assumption was 5.33 percent.

Mortality assumption: For the fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. For the fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females with generational projection using improvement scale BB.

F. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE UMBRELLA PRESCRIPTION PLAN FOR PERA PARTICIPANTS – CSU SYSTEM

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

(Amounts in thousands)		CY2017	CY2016
Total OPEB liability (asset):			
Service cost	$	28	N/A
Interest		182	N/A
Differences between expected and actual experience		(147)	N/A
Changes of assumptions		4	N/A
Benefit payments		(65)	N/A
Net change in total OPEB liability		2	N/A
Total OPEB liability (asset) - beginning		3,449	N/A
Total OPEB liability (asset) - ending (a)	**$**	**3,451**	**3,449**
Plan fiduciary net position:			
Contributions-employer	$	234	N/A
Net investment income		38	N/A
Benefit payments		(65)	N/A
Administrative expense		(46)	N/A
Net change in plan fiduciary net position		161	N/A
Plan fiduciary net position - beginning		598	N/A
Plan fiduciary net position - ending (b)	**$**	**759**	**598**
Net OPEB liability (asset) - ending (a)-(b)	**$**	**2,692**	**2,851**
Plan fiduciary net position as a percentage of the total OPEB liability		22.0%	17.3%
Covered-employee payroll	$	15,721	17,415
Net OPEB liability (asset) as a percentage of covered-employee payroll		17.1%	16.4%

Notes To Required Supplementary Information

Changes of assumptions and methods:

Discount rate/investment rate of return: For the fiscal year ended June 30, 2018, the discount rate/investment rate of return assumption was updated to 5.23 percent. For the fiscal year ended June 30, 2017, the discount rate/investment rate of return assumption was 5.33 percent.

Mortality assumption: For the fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. For the fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females, and generational projection using improvement scale BB.

G. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS LONG-TERM DISABILITY INCOME REPLACEMENT PLAN – CSU SYSTEM

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

(Amounts in thousands)		CY2017	CY2016
Total OPEB liability (asset):			
Service cost	$	1,407	N/A
Interest		499	N/A
Differences between expected and actual experience		(221)	N/A
Changes of assumptions		69	N/A
Benefit payments		(855)	N/A
Net change in total OPEB liability		899	N/A
Total OPEB liability (asset) - beginning		10,353	N/A
Total OPEB liability (asset) - ending (a)	**$**	**11,252**	**10,353**
Plan fiduciary net position:			
Contributions-employee/member	$	1,515	N/A
Net investment income		601	N/A
Benefit payments		(855)	N/A
Administrative expense		(68)	N/A
Net change in plan fiduciary net position		1,193	N/A
Plan fiduciary net position - beginning		8,220	N/A
Plan fiduciary net position - ending (b)	**$**	**9,413**	**8,220**
Net OPEB liability (asset) - ending (a)-(b)	**$**	**1,839**	**2,133**
Plan fiduciary net position as a percentage of the total OPEB liability		83.7%	79.4%
Covered-employee payroll	$	411,443	389,965
Net OPEB liability (asset) as a percentage of covered-employee payroll		0.4%	0.5%

Notes To Required Supplementary Information

Changes of assumptions and methods:

Discount rate: For the fiscal year ended June 30, 2018, the discount rate was updated to 4.91 percent. For the fiscal year ended June 30, 2017, the discount rate assumption was 5.03 percent.

Investment rate of return: For the fiscal year ended June 30, 2018, the investment return assumption was updated to 5.23%. For the fiscal year ended June 30, 2017, the investment return assumption was 5.33%.

Mortality assumption: For the fiscal year ended June 30, 2018, the mortality assumption used the RP-2017 mortality tables with separate rates for males and females and generational projection using improvement scale BB. For the fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females with generational projection using improvement scale BB.

H. SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS RETIREE MEDICAL SUBSIDY FOR DCP PARTICIPANTS – CSU SYSTEM

The amounts presented are the contributions and payroll for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Actuarially determined contributions	$	1,340	1,296
Contributions in relation to the actuarially determined contributions		-	(4,070)
Contribution deficiency (excess)	**$**	**1,340**	**(2,774)**
Covered-employe payroll	$	381,584	359,213
Contributions as a percentage of covered-employee payroll		0.0%	1.1%

Notes To Required Supplementary Information

Valuation date	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years open, level percent of pay
Amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Investment rate of return	5.23%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	7.00% decreasing by 0.25% per year to 5.00% in 2025 and later
Mortality	Separate mortality rates for non-annuitants (based on RP-2017 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on RP-2017 "Healthy Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

I. SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS RETIREE MEDICAL SUBSIDY FOR PERA PARTICIPANTS – CSU SYSTEM

The amounts presented are the contributions and payroll for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Actuarially determined contributions	$	1,942	1,981
Contributions in relation to the actuarially determined contributions		(1,942)	(1,981)
Contribution deficiency (excess)	**$**	**-**	**-**
Covered-employee payroll	$	14,903	16,396
Contributions as a percentage of covered-employee payroll		13.0%	12.1%

Notes To Required Supplementary Information

Valuation date	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years closed, level percent of pay
Amortization period	20 years
Asset valuation method	Market value
Inflation	3.00%
Investment rate of return	5.23%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	7.00% decreasing by 0.25% per year to 5.00% in 2025 and later
Mortality	Separate mortality rates for non-annuitants (based on RP-2017 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on RP-2017 "Healthy Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

J. SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS RETIREE UMBRELLA PRESCRIPTION PLAN PERA PARTICIPANTS – CSU SYSTEM

The amounts presented are the contributions and payroll for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Actuarially determined contributions	$	232	240
Contributions in relation to the actuarially determined contributions		(232)	(240)
Contribution deficiency (excess)	**$**	**-**	**-**
Covered-employee payroll	$	14,903	16,396
Contributions as a percentage of covered-employee payroll		1.6%	1.5%

Notes To Required Supplementary Information

Valuation date	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years closed, level percent of pay
Amortization period	20 years
Asset valuation method	Market value
Inflation	3.00%
Investment rate of return	5.23%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	7.00% decreasing by 0.25% per year to 5.00% in 2025 and later
Mortality	Separate mortality rates for non-annuitants (based on RP-2017 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on RP-2017 "Healthy Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB.

K. SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS LONG-TERM DISABILITY INCOME REPLACEMENT PLAN – CSU SYSTEM

The amounts presented are the contributions and payroll for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Actuarially determined contributions	$	1,426	1,373
Contributions in relation to the actuarially determined contributions		(1,550)	(1,478)
Contribution deficiency (excess)	**$**	**(124)**	**(105)**
Covered-employee payroll	$	421,858	400,340
Contributions as a percentage of covered-employee payroll		0.4%	0.4%

Notes To Required Supplementary Information

Valuation date	January 1, 2017
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years open, level percent of pay
Amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Investment rate of return	5.23%
Salary increases	4.00%
Cost-of-living adjustments	3.00%
Healthcare cost trend rates	N/A
Mortality	Separate mortality rates for non-annuitants (based on RP-2017 "Employees" sex-distinct tables and projected generationally using Scale BB) and annuitants (based on RP-2017 "Healthy Annuitants" sex-distinct tables and projected generationally using Scale BB). In fiscal year ended June 30, 2017, the mortality assumption used the RP-2016 mortality tables with separate rates for males and females and generational projection using improvement scale BB. Long-term disabled participant mortality is based on the 1987 Commissioner's Group Disability Table with a three month elimination period.

L. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE MEDICAL SUBSIDY FOR DCP PARTICIPANTS – CSU SYSTEM

The amount presented are for each fiscal year.

(Amounts in thousands)	FY2018	FY2017
Total OPEB liability:		
Service cost	$ 1,681	N/A
Interest	1,873	N/A
Demographics losses (gains)	(284)	N/A
Assumption changes	290	N/A
Benefit payments	(966)	N/A
Net change in total OPEB liability	2,594	N/A
Total OPEB liability - beginning	35,623	N/A
Total OPEB liability - ending	**$ 38,217**	**35,623**
Plan fiduciary net position:		
Net investment income	$ 1,639	N/A
Benefit payments	(966)	N/A
Administrative expense	(37)	N/A
Net change in plan fiduciary net position	636	N/A
Plan fiduciary net position - beginning	45,363	N/A
Plan fiduciary net position - ending	**$ 45,999**	**45,363**
Net OPEB liability (asset) - ending	**$ (7,782)**	**(9,740)**
Plan fiduciary net position as a percentage of the total OPEB liability	120.4%	127.3%

Fiscal year ended June 30, 2017, was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB liability (asset), resulting in the rest being noted as not applicable, per the actuaries.

M. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE MEDICAL SUBSIDY FOR PERA PARTICIPANTS – CSU SYSTEM

The amounts presented are for each fiscal year.

(Amounts in thousands)		FY2018	FY2017
Total OPEB liability:			
Service cost	$	323	N/A
Interest		2,359	N/A
Demographics losses (gains)		(399)	N/A
Assumption changes		125	N/A
Benefit payments		(1,563)	N/A
Net change in total OPEB liability		845	N/A
Total OPEB liability - beginning		45,038	N/A
Total OPEB liability - ending	**$**	**45,883**	**45,038**
Plan fiduciary net position:			
Contributions-employer	$	1,942	N/A
Net investment income		849	N/A
Benefit payments		(1,563)	N/A
Administrative expense		(24)	N/A
Net change in plan fiduciary net position		1,204	N/A
Plan fiduciary net position - beginning		23,552	N/A
Plan fiduciary net position - ending	**$**	**24,756**	**23,552**
Net OPEB liability (asset) - ending	**$**	**21,127**	**21,486**
Plan fiduciary net position as a percentage of the total OPEB liability		54.0%	52.3%

Fiscal year ended June 30, 2017, was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB liability (asset), resulting in the rest being noted as not applicable, per the actuaries.

N. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS RETIREE UMBRELLA PRESCRIPTION PLAN PERA PARTICIPANTS – CSU SYSTEM

The amounts presented are for each fiscal year

(Amounts in thousands)	FY2018	FY2017
Total OPEB liability:		
Service cost	$ 24	N/A
Interest	181	N/A
Demographics losses (gains)	(159)	N/A
Assumption changes	4	N/A
Benefit payments	(83)	N/A
Contributions-employee/member	28	N/A
Net change in total OPEB liability	(5)	N/A
Total OPEB liability - beginning	3,449	N/A
Total OPEB liability - ending	**$ 3,444**	**3,449**
Plan fiduciary net position:		
Contributions-employer	$ 232	N/A
Contributions-employee/member	28	N/A
Net investment income	22	N/A
Benefit payments	(83)	N/A
Administrative expense	(37)	N/A
Net change in plan fiduciary net position	162	N/A
Plan fiduciary net position - beginning	737	N/A
Plan fiduciary net position - ending	**$ 899**	**737**
Net OPEB liability (asset) - ending	**$ 2,545**	**2,712**
Plan fiduciary net position as a percentage of the total OPEB liability	26.1%	21.4%

Fiscal year ended June 30, 2017, was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB liability (asset), resulting in the rest being noted as not applicable, per the actuaries.

O. SCHEDULE OF CHANGES IN THE NET OPEB (ASSET) LIABILITY AND RELATED RATIOS LONG-TERM DISABILITY INCOME REPLACEMENT PLAN – CSU SYSTEM

The amounts presented are for each fiscal year.

(Amounts in thousands)	FY2018	FY2017
Total OPEB liability:		
Service cost	$ 1,440	N/A
Interest	514	N/A
Demographics losses (gains)	(188)	N/A
Assumption changes	(13)	N/A
Benefit payments	(907)	N/A
Net change in total OPEB liability	846	N/A
Total OPEB liability - beginning	10,783	N/A
Total OPEB liability - ending	**$ 11,629**	**10,783**
Plan fiduciary net position:		
Contributions-employee/member	$ 1,550	N/A
Net investment income	318	N/A
Benefit payments	(907)	N/A
Administrative expense	(60)	N/A
Net change in plan fiduciary net position	901	N/A
Plan fiduciary net position - beginning	8,716	N/A
Plan fiduciary net position - ending	**$ 9,617**	**8,716**
Net OPEB liability (asset) - ending	**$ 2,012**	**2,067**
Plan fiduciary net position as a percentage of the total OPEB liability	82.7%	80.8%

Fiscal year ended June 30, 2017, was the year of implementation of GASB Statement No. 74, so there was no data available except the total OPEB liability - ending, plan fiduciary net position - ending, and net OPEB liability (asset), resulting in the rest being noted as not applicable, per the actuaries.

The amounts presented are for each fiscal year.

	FY2018	FY2017
Annual money-weighted rate of return net of investment expense	3.6%	3.4%

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GENERAL PURPOSE REVENUE COMPONENT
FOR THE YEAR ENDED JUNE 30, 2018
(DOLLARS IN THOUSANDS)

	Forecasted / Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Budgetary fund balance, July 1	$ 30,154	$ 30,154	$ 30,154
Resources (Inflows):			
Sales and use tax	3,231,900	3,431,200	3,404,111
Other excise taxes	101,900	105,200	97,470
Individual income tax, net	6,697,115	6,912,800	7,006,031
Corporate income tax, net	537,385	482,400	736,022
Insurance tax	310,000	307,600	303,594
Pari-mutuel, courts, and other	20,800	35,300	156,416
Investment income	14,900	16,200	19,530
Transfers-in from other funds	17,200	92,300	98,614
Amounts available for appropriation	10,961,354	11,413,154	11,851,942
Charges to appropriations (outflows):			
Agriculture	10,506	10,506	10,469
Corrections	769,283	778,389	775,236
Education	4,102,245	4,071,521	4,070,939
Governor	37,612	36,812	36,402
Health Care Policy and Financing	2,825,612	2,798,838	2,799,373
Higher Education	896,445	894,727	894,450
Human Services	872,887	888,852	885,922
Judicial Branch	513,007	517,655	515,028
Labor and Employment	21,482	21,664	21,272
Law	16,214	16,214	15,733
Legislative Branch	48,271	48,297	48,297
Local Affairs	32,286	29,252	29,185
Military and Veterans Affairs	10,530	10,531	9,984
Natural Resources	30,865	30,865	30,840
Personnel and Administration	14,114	12,141	12,102
Public Health and Environment	48,798	46,779	46,766
Public Safety	123,448	124,688	124,314
Regulatory Agencies	5,995	5,995	5,994
Revenue	238,298	368,860	356,506
Treasury	359,237	359,237	356,975
Nondepartmental:			
Transfers-out to capital projects fund	89,196	92,084	92,084
Total charges to appropriations	11,066,331	11,163,907	11,137,871
Budgetary reserves and amounts not forecasted or budgeted:			
Increase in contingency reserve - C.R.S. 24-75-201.1	(5,700)	(96,000)	(90,590)
Release of prior year State Controller approved rollforwards	-	-	17,218
State Controller approved rollforwards	-	-	(29,641)
Net of revenues not forecasted and expenditures not budgeted	-	-	80,049
Total budgetary reserves and amounts not forecasted or budgeted	(5,700)	(96,000)	(22,964)
Budgetary fund balance, June 30	$ (99,277)	$ 345,247	$ 691,107

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

Budgetary Comparison Schedule
General Fund- General Purpose Revenue Component
Budget-to-GAAP Reconciliation
For the Year Ended June 30, 2018
(Dollars in Thousands)

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	$ 11,851,942
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(30,154)
Federal revenues not forecasted	5,796,073
Fee revenues and other funding sources not forecasted	665,405
Other revenues not forecasted	4,089
Deferred Medicaid revenues are excluded from inflows of budgetary resources but are revenues for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (II).	168,521
Fair value of investments in excess of cost is excluded from inflows of budgetary resources but is revenue for financial reporting purposes.	(13,661)
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control	(401,955)
Transfers are inflows of budgetary resources but are other financing sources for financial reporting purposes.	(339,309)
Capital lease proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(4,322)
Insurance recoveries are not revenues for financial reporting purposes.	(18)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$ 17,696,611

Uses/outflows of resources and reserves

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	11,137,871
Differences - budget to GAAP:	
Expenditures of federal grants and contracts not budgeted	5,794,901
Fee revenue and other funding uses not budgeted	630,161
Other expenditures not budgeted	(39,544)
Transfers to other funds are outflows of budgetary resources but are other financing uses for financial reporting purposes.	(4,731,563)
Deferred Medicaid expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (II).	239,826
Deferred payroll expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (III).	102,977
Deferred information technology expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (IV).	651
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control.	(401,955)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances—general fund components	$ 12,733,325

NOTE RSI-4

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND – GENERAL PURPOSE REVENUE COMPONENT

The State of Colorado reports components of the General Fund segregated by revenues being either general purpose or special purpose. Special purpose revenues are fund component revenues which are not of a sufficient original source to qualify for reporting as a special revenue fund. The special purpose components of the General Fund are: State Public Schools, Risk Management, and Other Special Purpose. General purpose revenues are not designated for a specific purpose and are reported in the General Purpose Revenue component of the General Fund. The General Purpose Revenue component of the General Fund is the primary operating fund of the state and is used to account for all financial resources and activity not required to be accounted for in another fund. Refer to the Supplementary Information section for additional information on the General Fund components and combining statements for the General Fund.

This schedule is presented primarily to report the change in budgetary fund balance from the prior fiscal year. The change in budgetary fund balance, as reconciled to the state's financial statements, supports the state's budgetary process. Ending budgetary fund balance on this schedule combined with relevant revenue forecasts are used to determine the total amount to be appropriated for the following fiscal year.

Beginning budgetary fund balances, resources (inflows), and amounts available for appropriation for the original budget and final budget are based on quarterly economic forecasts prepared by the Governor's Office of State Planning and Budgeting. The March 2017 forecast is used for the original budget and the December 2017 forecast is used for the final budget. Beginning budgetary fund balance and resources (inflows) in the actual amounts column reconcile to the accounting ledger. Charges to appropriations (outflows) and reserves for original and final budget are derived from budgeted amounts recorded in the state's accounting system and agree to appropriations and laws made by the General Assembly. Charges to appropriations (outflows) and reserves for the actual amounts column are derived from the accounting ledger.

Certain state laws result in budget-to-GAAP differences. C.R.S. 24-75-201(2)(a)(II) excludes Medicaid revenues from inflows of budgetary resources but they are revenues for financial reporting. C.R.S. 24-75-201(2)(a)(III) excludes Medicaid expenditures from outflows of budgetary resources but they are expenditures for financial reporting. C.R.S. 24-75-201(2)(a)(IV) excludes some payroll-related expenditures from outflows of budgetary resources but they are expenditures for financial reporting. C.R.S. 24-75-201(2)(a)(IV) excludes specific information technology expenditures from outflows of budgetary resources but they are expenditures for financial reporting purposes. Budget-to-GAAP differences also result from activity in this component of the General Fund for which revenues are not forecasted and expenditures are not budgeted. The not forecasted and not budgeted activity is for federal grants and contracts, fees and other funding sources and uses, and revenues/expenditures not budgeted. Refer to the Budget-to-GAAP Reconciliation for the amounts related to these and other budget-to-GAAP differences.

State law (C.R.S. 24-75-201.1) restricts appropriations from this component of the General Fund so that budgetary resources will be available for use in a state fiscal emergency. A state fiscal emergency may be declared by the passage of a joint resolution which is approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor. The reserve for fiscal year 2017-18 is $674.9 million. The reserve is included in this schedule and therefore reduces amounts available for appropriation in the following fiscal year. A positive ending budgetary fund balance in the actual column indicates a reserve maintained in compliance with state law.

SUPPLEMENTARY INFORMATION

GENERAL FUND COMPONENTS

GENERAL PURPOSE REVENUE	This fund is the general operating fund for state operations and is used unless another fund has been established for a particular activity. The fund consists of general purpose revenues from various tax collections the largest being income and sales taxes.
SPECIAL PURPOSE FUNDS	The State Public School fund is a statutory fund that distributes substantially all of its resources to school districts each year; most of the funds' resources are transfers into the fund from the General Purpose Revenue Fund.
	The Risk Management fund accounts for the State's liability, property, and worker's compensation insurance activities; its revenues are primarily from charges to State agencies.
	The Other Special Purpose Fund comprises all other funds without sufficient original source revenues to qualify as Special Revenue Funds. Included in this category is the Building Excellent Schools Tomorrow (BEST) program that provides grants and funds for public school construction, Lottery proceeds held by the Division of Parks and Wildlife for parks and outdoor recreation projects, the Charter School Institute, as well as over thirty smaller funds.

COMBINING BALANCE SHEET
GENERAL FUND COMPONENTS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOL	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	TOTAL
ASSETS:					
Cash and Pooled Cash	$ 538,897	$ 2,196	$ 23,891	$ 319,783	$ 884,767
Taxes Receivable, net	1,590,856	-	-	-	1,590,856
Other Receivables, net	525,344	-	603	235	526,182
Due From Other Governments	680,114	2,851	-	3	682,968
Due From Other Funds	36,337	-	-	18,006	54,343
Due From Component Units	18	-	-	-	18
Inventories	7,975	-	-	-	7,975
Prepaids, Advances and Deposits	37,992	-	140	35	38,167
Restricted Cash and Pooled Cash	4	90,579	-	319,783	410,366
Restricted Receivables	-	-	-	4,303	4,303
Investments	9,394	-	-	174,858	184,252
Other Long-Term Assets	-	-	-	2,872	2,872
TOTAL ASSETS	$ 3,426,931	$ 95,626	$ 24,634	$ 839,878	$ 4,387,069
LIABILITIES:					
Tax Refunds Payable	$ 890,332	$ -	$ -	$ -	$ 890,332
Accounts Payable and Accrued Liabilities	923,542	2,574	1,245	17,816	945,177
TABOR Refund Liability (Note 2B)	39,837	-	-	-	39,837
Due To Other Governments	192,604	-	-	12,649	205,253
Due To Other Funds	21,515	-	2,569	248	24,332
Unearned Revenue	74,480	-	-	162	74,642
Claims and Judgments Payable	312	-	-	-	312
Other Current Liabilities	14,369	-	-	23	14,392
Deposits Held In Custody For Others	2	-	-	-	2
TOTAL LIABILITIES	2,156,993	2,574	3,814	30,898	2,194,279
DEFERRED INFLOW OF RESOURCES:	184,764	1,274	-	-	186,038
FUND BALANCES:					
Nonspendable:					
Inventories	7,975	-	-	-	7,975
Prepaids	37,998	-	140	35	38,173
Restricted	-	-	-	626,068	626,068
Committed	674,900	91,778	20,680	182,877	970,235
Assigned	29,641	-	-	-	29,641
Unassigned	334,660	-	-	-	334,660
TOTAL FUND BALANCES	1,085,174	91,778	20,820	808,980	2,006,752
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,426,931	$ 95,626	$ 24,634	$ 839,878	$ 4,387,069

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOLS	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	TOTAL
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 7,006,031	$ -	$ -	$ -	$ 7,006,031
Corporate Income	736,022	-	-	-	736,022
Sales and Use	3,404,111	-	-	-	3,404,111
Excise	97,470	-	-	-	97,470
Other Taxes	304,168	-	-	-	304,168
Licenses, Permits, and Fines	17,903	-	5	2,088	19,996
Charges for Goods and Services	18,616	-	56,765	263	75,644
Rents	298	-	-	2	300
Investment Income (Loss)	14,129	9	492	4,091	18,721
Federal Grants and Contracts	5,935,243	-	-	5,915	5,941,158
Other	162,620	1,757	47	18,734	183,158
TOTAL REVENUES	17,696,611	1,766	57,309	31,093	17,786,779
EXPENDITURES:					
Current:					
General Government	177,889	350	60,781	2,219	241,239
Business, Community, and Consumer Affairs	147,978	-	-	18,207	166,185
Education	736,099	4,662	-	4,472	745,233
Health and Rehabilitation	644,803	-	-	1,271	646,074
Justice	1,472,487	-	-	52	1,472,539
Natural Resources	39,099	-	-	2,100	41,199
Social Assistance	7,319,058	-	-	18,906	7,337,964
Capital Outlay	23,873	-	-	18,028	41,901
Intergovernmental:					
Cities	61,107	-	-	38,740	99,847
Counties	1,348,528	-	-	12,842	1,361,370
School Districts	677,118	3,815,427	-	186,181	4,678,726
Special Districts	46,750	-	-	17,416	64,166
Federal	69	-	-	-	69
Other	26,032	-	-	1,300	27,332
Debt Service	12,435	-	-	59,343	71,778
TOTAL EXPENDITURES	12,733,325	3,820,439	60,781	381,077	16,995,622
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,963,286	(3,818,673)	(3,472)	(349,984)	791,157
OTHER FINANCING SOURCES (USES):					
Transfers-In	339,309	4,024,369	-	428,687	4,792,365
Transfers-Out	(4,731,563)	(120,414)	(1,745)	(62,516)	(4,916,238)
Face Amount of Bond/COP Issuance	-	-	-	156,305	156,305
Bond/COP Premium/Discount	-	-	-	21,344	21,344
Capital Lease Proceeds	4,322	-	-	-	4,322
Insurance Recoveries	18	-	3,461	-	3,479
TOTAL OTHER FINANCING SOURCES (USES)	(4,387,914)	3,903,955	1,716	543,820	61,577
NET CHANGE IN FUND BALANCES	575,372	85,282	(1,756)	193,836	852,734
FUND BALANCE, FISCAL YEAR BEGINNING	509,802	6,496	22,576	615,144	1,154,018
FUND BALANCE, FISCAL YEAR END	$ 1,085,174	$ 91,778	$ 20,820	$ 808,980	$ 2,006,752

CAPITAL PROJECTS FUND COMPONENTS

REGULAR CAPITAL PROJECTS	This fund accounts for projects that are either fully or partially funded with general-purpose revenue that is transferred from the General Purpose Revenue Fund. It also includes cash-funded or mixed funded projects.
SPECIAL CAPITAL PROJECTS	This fund accounts for certain projects that are not funded with any general-purpose revenue. This includes projects funded with the proceeds of certificates of participation such as the Colorado History Center and the Ralph L. Carr Justice Center, federal projects in the Department of Military Affairs, Lottery-funded projects in the Department of Natural Resources, and several smaller projects.

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND COMPONENTS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 80,463	$ 122,446	$ 202,909
Other Receivables, net	324	-	324
Due From Other Governments	1,513	5	1,518
Due From Other Funds	143	-	143
Prepaids, Advances and Deposits	242	-	242
Investments	423	2,307	2,730
Other Long-Term Assets	25	-	25
TOTAL ASSETS	$ 83,133	$ 124,758	$ 207,891
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 8,877	$ 166	$ 9,043
Due To Other Funds	37	-	37
Other Current Liabilities	167	-	167
TOTAL LIABILITIES	9,081	166	9,247
FUND BALANCES:			
Nonspendable:			
Prepaids	242	-	242
Restricted	-	5	5
Committed	73,810	124,587	198,397
TOTAL FUND BALANCES	74,052	124,592	198,644
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 83,133	$ 124,758	$ 207,891

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND COMPONENTS
FOR THE YEAR ENDED JUNE 30, 2018**

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
REVENUES:			
Taxes:			
Other Taxes	$ 1,014	$ -	$ 1,014
Charges for Goods and Services	7	-	7
Investment Income (Loss)	1,747	2,214	3,961
Federal Grants and Contracts	12,119	6,276	18,395
Other	4	-	4
TOTAL REVENUES	14,891	8,490	23,381
EXPENDITURES:			
Current:			
General Government	33,212	6,075	39,287
Business, Community, and Consumer Affairs	1,004	-	1,004
Education	1,990	586	2,576
Health and Rehabilitation	75	(724)	(649)
Justice	6,756	349	7,105
Social Assistance	547	500	1,047
Capital Outlay	74,653	1,820	76,473
TOTAL EXPENDITURES	118,237	8,606	126,843
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(103,346)	(116)	(103,462)
OTHER FINANCING SOURCES (USES):			
Transfers-In	87,992	30,689	118,681
Transfers-Out	(59,069)	(6,690)	(65,759)
Sale of Capital Assets	-	-	-
Insurance Recoveries	208	2,552	2,760
TOTAL OTHER FINANCING SOURCES (USES)	29,131	26,551	55,682
NET CHANGE IN FUND BALANCES	(74,215)	26,435	(47,780)
FUND BALANCE, FISCAL YEAR BEGINNING	149,888	98,236	248,124
Prior Period Adjustment (See Note 15A)	(1,621)	(79)	(1,700)
FUND BALANCE, FISCAL YEAR END	$ 74,052	$ 124,592	$ 198,644

OTHER GOVERNMENTAL FUNDS

The following statements present the combining balance sheet for Other Governmental Funds comprising Special Revenue, Debt Service, and Permanent funds.

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
ASSETS:				
Cash and Pooled Cash	$ 1,211,264	$ -	$ -	$ 1,211,264
Taxes Receivable, net	49,517	-	-	49,517
Other Receivables, net	74,574	-	9,326	83,900
Due From Other Governments	44,428	340	-	44,768
Due From Other Funds	22,429	-	-	22,429
Inventories	263	-	-	263
Prepaids, Advances and Deposits	24,943	-	3	24,946
Restricted Cash and Pooled Cash	80,798	218	226,041	307,057
Restricted Investments	2,453	-	839,668	842,121
Investments	170,934	91,392	-	262,326
Other Long-Term Assets	21,644	-	14,528	36,172
Capital Assets Held as Investments	681	-	111,365	112,046
TOTAL ASSETS	$ 1,703,928	$ 91,950	$ 1,200,931	$ 2,996,809
DEFERRED OUTFLOW OF RESOURCES:	-	-	734	734
LIABILITIES:				
Tax Refunds Payable	$ 192	$ -	$ -	$ 192
Accounts Payable and Accrued Liabilities	99,350	-	3,054	102,404
Due To Other Governments	26,158	-	13	26,171
Due To Other Funds	31,660	-	233	31,893
Unearned Revenue	59,830	-	-	59,830
Claims and Judgments Payable	113	-	-	113
Other Current Liabilities	3,113	-	-	3,113
Deposits Held In Custody For Others	134	-	-	134
TOTAL LIABILITIES	220,550	-	3,300	223,850
DEFERRED INFLOW OF RESOURCES:	1,146	-	-	1,146
FUND BALANCES:				
Nonspendable:				
Inventories	263	-	-	263
Permanent Fund Principal	-	-	1,186,138	1,186,138
Prepaids	24,944	-	3	24,947
Restricted	139,269	91,950	-	231,219
Committed	1,317,756	-	12,224	1,329,980
TOTAL FUND BALANCES	1,482,232	91,950	1,198,365	2,772,547
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,703,928	$ 91,950	$ 1,201,665	$ 2,997,543

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	PERMANENT	TOTALS
REVENUES:				
Taxes:				
Sales and Use	$ 42,921	$ -	$ -	$ 42,921
Excise	214,420	-	-	214,420
Other Taxes	176,378	-	-	176,378
Licenses, Permits, and Fines	507,895	-	-	507,895
Charges for Goods and Services	135,135	-	-	135,135
Rents	5,722	-	138,026	143,748
Investment Income (Loss)	4,708	1,380	(3,767)	2,321
Federal Grants and Contracts	179,159	-	-	179,159
Additions to Permanent Funds	-	-	277	277
Unclaimed Property Receipts	77,923	-	-	77,923
Other	35,156	-	84	35,240
TOTAL REVENUES	1,379,417	1,380	134,620	1,515,417
EXPENDITURES:				
Current:				
General Government	32,311	-	367	32,678
Business, Community, and Consumer Affairs	305,283	-	-	305,283
Education	35,978	-	1	35,979
Health and Rehabilitation	121,696	-	-	121,696
Justice	193,547	-	-	193,547
Natural Resources	2,085	-	11,935	14,020
Social Assistance	233,373	-	-	233,373
Transportation	2,865	-	-	2,865
Capital Outlay	10,739	-	1,219	11,958
Intergovernmental:				
Cities	68,160	-	-	68,160
Counties	92,419	-	44	92,463
School Districts	52,006	-	-	52,006
Special Districts	8,747	-	-	8,747
Federal	95	-	-	95
Other	56,686	-	300	56,986
Debt Service	1,522	54,457	-	55,979
TOTAL EXPENDITURES	1,217,512	54,457	13,866	1,285,835
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	161,905	(53,077)	120,754	229,582
OTHER FINANCING SOURCES (USES):				
Transfers-In	294,173	65,061	27,753	386,987
Transfers-Out	(398,602)	-	(92,394)	(490,996)
Sale of Capital Assets	-	-	9,819	9,819
Insurance Recoveries	508	-	-	508
TOTAL OTHER FINANCING SOURCES (USES)	(103,921)	65,061	(54,822)	(93,682)
NET CHANGE IN FUND BALANCES	57,984	11,984	65,932	135,900
FUND BALANCE, FISCAL YEAR BEGINNING	1,424,248	79,966	1,132,433	2,636,647
FUND BALANCE, FISCAL YEAR END	$ 1,482,232	$ 91,950	$ 1,198,365	$ 2,772,547

SPECIAL REVENUE FUNDS

LABOR	This fund accounts for injured workers' medical benefits provided by statutes when the injury is not covered by workers' compensation benefits.
GAMING	This fund accounts for operations of the Colorado Gaming Commission and its oversight of gaming operations in the State. It also accounts for the preservation activities of the Colorado Historical Society related to the revenues it receives from gaming.
TOBACCO IMPACT MITIGATION	This fund accounts for receipts directly from the tobacco litigation settlement, earnings on those funds, and the expenditures of programs funded by the tobacco master settlement agreement. In addition, it accounts for tax revenues received from an additional State tax on cigarettes and tobacco products approved by State voters in the 2004 general election and the expenditure of those tax revenues.
RESOURCE MANAGEMENT	This fund accounts for receipts from licenses, rents, and fees related to managing the water, oil and gas resources of the State. Most of the related programs are managed by the Colorado Department of Natural Resources.
ENVIRONMENT AND HEALTH PROTECTION	This fund accounts for a large number of individual programs managed primarily by the Department of Public Health and Environment. The programs are primarily designed to regulate air, water, and other forms of pollution, control the spread of diseases, and regulate activities that impact the health of the citizens of Colorado.
UNCLAIMED PROPERTY	This fund reports the escheats funds managed by the State Treasurer that are not held in trust for claimants. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. Per statute, the owner's legal rights to the asset are protected in perpetuity; however, historically not all of the assets are claimed. The assets ultimately expected to be claimed and paid are reported as Net Position Held In Trust in the Unclaimed Property Trust Fund, a nonmajor Fiduciary Fund.
OTHER SPECIAL REVENUE	This fund category represents a collection of active funds created in statute that have a wide variety of purposes. Funds in this category also have a broad diversity of revenue types.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	LABOR	GAMING	TOBACCO IMPACT MITIGATION
ASSETS:			
Cash and Pooled Cash	$ 119,442	$ 131,401	$ 102,450
Taxes Receivable, net	15,715	13,364	15,942
Other Receivables, net	2,768	109	45,513
Due From Other Governments	3,459	2	1,023
Due From Other Funds	39	-	602
Inventories	-	-	-
Prepaids, Advances and Deposits	-	20	3
Restricted Cash and Pooled Cash	70,984	9,814	-
Restricted Investments	2,453	-	-
Investments	1,200	-	-
Other Long-Term Assets	-	5,395	-
Capital Assets Held as Investments	-	-	-
TOTAL ASSETS	$ 216,060	$ 160,105	$ 165,533
LIABILITIES:			
Tax Refunds Payable	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	14,672	5,627	23,178
Due To Other Governments	-	20,873	175
Due To Other Funds	24	24,405	5,145
Unearned Revenue	-	681	-
Claims and Judgments Payable	101	-	-
Other Current Liabilities	461	-	-
Deposits Held In Custody For Others	-	6	-
TOTAL LIABILITIES	15,258	51,592	28,498
DEFERRED INFLOW OF RESOURCES:	-	-	9
FUND BALANCES:			
Nonspendable:			
Inventories	-	-	-
Prepaids	1	20	3
Restricted	73,437	18,583	17,592
Committed	127,364	89,910	119,431
TOTAL FUND BALANCES	200,802	108,513	137,026
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 216,060	$ 160,105	$ 165,533

RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 6,314	$ 105,644	$ 156,347	$ 589,666	$ 1,211,264
-	-	-	4,496	49,517
6	15,594	1,321	9,263	74,574
-	30,958	-	8,986	44,428
-	-	-	21,788	22,429
-	263	-	-	263
-	18	7	24,895	24,943
-	-	-	-	80,798
-	-	-	-	2,453
-	-	164,735	4,999	170,934
-	-	-	16,249	21,644
-	-	600	81	681
$ 6,320	$ 152,477	$ 323,010	$ 680,423	$ 1,703,928
$ -	$ -	$ -	$ 192	$ 192
369	10,674	213	44,617	99,350
353	2	-	4,755	26,158
-	89	-	1,997	31,660
-	14,314	-	44,835	59,830
-	-	-	12	113
-	46	-	2,606	3,113
-	-	-	128	134
722	25,125	213	99,142	220,550
-	-	-	1,137	1,146
-	263	-	-	263
-	18	7	24,895	24,944
6,666	5,709	-	17,282	139,269
(1,068)	121,362	322,790	537,967	1,317,756
5,598	127,352	322,797	580,144	1,482,232
$ 6,320	$ 152,477	$ 323,010	$ 680,423	$ 1,703,928

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	LABOR	GAMING	TOBACCO IMPACT MITIGATION
REVENUES:			
Taxes:			
Sales and Use	$ -	$ -	$ -
Excise	-	-	142,843
Other Taxes	50,141	125,273	-
Licenses, Permits, and Fines	508	811	181,071
Charges for Goods and Services	193	176	1,128
Rents	-	-	-
Investment Income (Loss)	418	661	676
Federal Grants and Contracts	(475)	(139)	4,663
Unclaimed Property Receipts	-	-	-
Other	4,193	2,641	808
TOTAL REVENUES	54,978	129,423	331,189
EXPENDITURES:			
Current:			
General Government	1,057	-	64
Business, Community, and Consumer Affairs	45,299	33,206	-
Education	-	14,697	971
Health and Rehabilitation	-	33	35,067
Justice	5,548	-	1,036
Natural Resources	-	-	-
Social Assistance	-	-	137,582
Transportation	-	-	-
Capital Outlay	67	29	283
Intergovernmental:			
Cities	4,592	18,292	1,243
Counties	7,402	22,106	23,916
School Districts	(18)	472	32,429
Special Districts	262	475	2,741
Federal	-	-	-
Other	2	1,422	10,710
Debt Service	-	-	-
TOTAL EXPENDITURES	64,211	90,732	246,042
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(9,233)	38,691	85,147
OTHER FINANCING SOURCES (USES):			
Transfers-In	21,325	1,515	34,298
Transfers-Out	(646)	(39,839)	(140,322)
Insurance Recoveries	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	20,679	(38,324)	(106,024)
NET CHANGE IN FUND BALANCES	11,446	367	(20,877)
FUND BALANCE, FISCAL YEAR BEGINNING	189,356	108,146	157,903
FUND BALANCE, FISCAL YEAR END	$ 200,802	$ 108,513	$ 137,026

RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ -	$ 42,921	$ 42,921
-	-	-	71,577	214,420
-	1	-	963	176,378
94	46,565	-	278,846	507,895
1,398	72,673	-	59,567	135,135
-	-	-	5,722	5,722
73	782	(682)	2,780	4,708
-	35,859	-	139,251	179,159
-	-	77,923	-	77,923
609	7,191	12	19,702	35,156
2,174	163,071	77,253	621,329	1,379,417
-	50	3,549	27,591	32,311
92	1,523	508	224,655	305,283
-	-	-	20,310	35,978
-	51,600	-	34,996	121,696
-	45,732	-	141,231	193,547
2,085	-	-	-	2,085
-	51,900	-	43,891	233,373
-	170	-	2,695	2,865
166	883	(457)	9,768	10,739
1,420	8,110	-	34,503	68,160
790	821	6	37,378	92,419
4	22	-	19,097	52,006
353	1,839	-	3,077	8,747
-	-	29	66	95
-	2,975	-	41,577	56,686
-	-	73	1,449	1,522
4,910	165,625	3,708	642,284	1,217,512
(2,736)	(2,554)	73,545	(20,955)	161,905
51	7,228	-	229,756	294,173
(2,609)	(11,121)	(32,489)	(171,576)	(398,602)
-	-	-	508	508
(2,558)	(3,893)	(32,489)	58,688	(103,921)
(5,294)	(6,447)	41,056	37,733	57,984
10,892	133,799	281,741	542,411	1,424,248
$ 5,598	$ 127,352	$ 322,797	$ 580,144	$ 1,482,232

PERMANENT FUNDS

STATE LANDS

This fund consists of the assets, liabilities, and operations related to lands granted to the State by the federal government for educational purposes. This fund also includes unclaimed assets from estates or trusts with unknown beneficiaries. Per statute, these assets become property of the State after 21 years.

OTHER PERMANENT TRUST

This fund category represents several minor permanent funds including Wildlife for Future Generations Fund and the Veterans Monument Preservation Fund.

COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 9,326	$ -	$ 9,326
Prepaids, Advances and Deposits	3	-	3
Restricted Cash and Pooled Cash	213,817	12,224	226,041
Restricted Investments	839,668	-	839,668
Other Long-Term Assets	14,528	-	14,528
Capital Assets Held as Investments	111,365	-	111,365
TOTAL ASSETS	$ 1,188,707	$ 12,224	$ 1,200,931
DEFERRED OUTFLOW OF RESOURCES:	734	-	734
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 3,054	$ -	$ 3,054
Due To Other Governments	13	-	13
Due To Other Funds	233	-	233
TOTAL LIABILITIES	3,300	-	3,300
FUND BALANCES:			
Nonspendable:			
Permanent Fund Principal	1,186,138	-	1,186,138
Prepaids	3	-	3
Committed	-	12,224	12,224
TOTAL FUND BALANCES	1,186,141	12,224	1,198,365
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,189,441	$ 12,224	$ 1,201,665

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PERMANENT FUNDS FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Rents	135,782	2,244	138,026
Investment Income (Loss)	(3,780)	13	(3,767)
Additions to Permanent Funds	277	-	277
Other	69	15	84
TOTAL REVENUES	132,348	2,272	134,620
EXPENDITURES:			
Current:			
General Government	367	-	367
Education	-	1	1
Natural Resources	11,935	-	11,935
Capital Outlay	1,219	-	1,219
Intergovernmental:			
Counties	44	-	44
Other	300	-	300
TOTAL EXPENDITURES	13,865	1	13,866
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	118,483	2,271	120,754
OTHER FINANCING SOURCES (USES):			
Transfers-In	27,753	-	27,753
Transfers-Out	(92,394)	-	(92,394)
Sale of Capital Assets	9,819	-	9,819
TOTAL OTHER FINANCING SOURCES (USES)	(54,822)	-	(54,822)
NET CHANGE IN FUND BALANCES	63,661	2,271	65,932
FUND BALANCE, FISCAL YEAR BEGINNING	1,122,480	9,953	1,132,433
FUND BALANCE, FISCAL YEAR END	$ 1,186,141	$ 12,224	$ 1,198,365

OTHER ENTERPRISE FUNDS

These funds account for operations of State agencies that provide a majority of their services to the public on a user charge basis; most of them have been designated by statute as enterprises. The major activities in these funds are:

PARKS AND WILDLIFE	Expenses of this fund are to preserve the State's parks, wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.
COLLEGE ASSIST	This fund records the activities of College Assist, which guarantees Colorado and certain nationwide loans made by private lending institutions in compliance with operating agreements with the U.S. Department of Education to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the State fairgrounds in Pueblo.
CORRECTIONAL INDUSTRIES	This activity reports the production and sale of manufactured goods and farm products that are produced by convicted criminals who are incarcerated in the State prison system.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the State facilities at Fitzsimons, Homelake, Walsenburg, Florence, and Rifle.
PRISON CANTEENS	This activity accounts for the various canteen operations in the State's prison system.
PETROLEUM STORAGE TANK	This activity accounts for grants, registration fees, environmental response surcharges, and penalties associated with the regulation and abatement of fire and safety issues related to above and underground petroleum storage tanks.
TRANSPORTATION ENTERPRISE	This fund consists of the Bridge Enterprise and the High Performance Transportation Enterprise in the Department of Transportation. The bridge and highway construction activity is financed through bond issuances and user fees. Before Fiscal Year 2010-11 these enterprises were reported as Other Enterprises.
OTHER ENTERPRISE ACTIVITIES	The other enterprise activities includes the State and CollegeInvest. The State includes the Business Enterprise Program, which is staffed by the visually impaired and manages food vending operations in State buildings; the Enterprise Services Fund of the Colorado Historical Society, which sells goods at State museums; and various smaller enterprise operations.

COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY	CORRECTIONAL INDUSTRIES
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 122,147	$ 120,312	$ 783	$ 3,516
Investments	-	-	-	-
Taxes Receivable, net	-	-	-	-
Contributions Receivable, net	-	-	-	-
Student and Other Receivables, net	9,021	86	111	1,675
Due From Other Governments	9,521	1,045	-	1,658
Due From Other Funds	3,281	-	-	477
Inventories	726	-	-	10,848
Prepaids, Advances and Deposits	2,806	37	62	-
Total Current Assets	147,502	121,480	956	18,174
Noncurrent Assets:				
Restricted Cash and Pooled Cash	38,161	41,708	-	-
Restricted Receivables	-	35,362	-	-
Investments	-	-	-	-
Other Long-Term Assets	-	-	-	1,987
Depreciable Capital Assets and Infrastructure, net	166,225	333	12,360	3,642
Land and Nondepreciable Capital Assets	376,698	-	687	955
Total Noncurrent Assets	581,084	77,403	13,047	6,584
TOTAL ASSETS	728,586	198,883	14,003	24,758
DEFERRED OUTFLOW OF RESOURCES:	89,556	811	2,310	12,689
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	22,315	61	244	4,260
Due To Other Governments	-	30,608	-	-
Due To Other Funds	872	-	-	-
Unearned Revenue	44,877	-	546	288
Compensated Absences Payable	897	-	13	80
Leases Payable	-	-	99	-
Notes, Bonds, and COPs Payable	-	-	-	-
Other Current Liabilities	38	1,876	7	-
Total Current Liabilities	68,999	32,545	909	4,628
Noncurrent Liabilities:				
Due to Other Funds	15,808	-	-	-
Deposits Held In Custody For Others	20	-	-	-
Accrued Compensated Absences	7,731	104	92	1,206
Capital Lease Payable	-	-	871	-
Notes, Bonds, and COPs Payable	-	-	-	-
Net Pension Liability	429,557	3,856	11,525	62,017
Other Postemployment Benefits	9,659	72	260	1,437
Total Noncurrent Liabilities	462,775	4,032	12,748	64,660
TOTAL LIABILITIES	531,774	36,577	13,657	69,288
DEFERRED INFLOW OF RESOURCES:	23,320	1,014	806	2,479
NET POSITION:				
Net investment in Capital Assets:	542,923	333	12,077	4,597
Restricted for:				
Debt Service	-	-	-	-
Emergencies	34,000	-	-	-
Other Purposes	65,961	-	-	-
Unrestricted	(379,836)	161,770	(10,227)	(38,917)
TOTAL NET POSITION	$ 263,048	$ 162,103	$ 1,850	$ (34,320)

STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTAL
$ 22,381	$ 8,675	$ 5,942	$ 327,222	$ 51,242	$ 662,220
-	-	-	-	233	233
-	-	-	4	286	290
-	-	-	-	-	
3,763	-	4,688	10,034	396	29,774
3,141	-	-	1,100	310	16,775
-	-	-	-	59	3,817
177	699	-	-	330	12,780
69	-	-	74	272	3,320
29,531	9,374	10,630	338,434	53,128	729,209
-	-	-	470	95	80,434
-	-	-	-	-	35,362
-	-	-	18,289	13,344	31,633
-	-	-	-	-	1,987
31,161	1,375	39	892,914	12,303	1,120,352
3,673	-	-	497,626	4,256	883,895
34,834	1,375	39	1,409,299	29,998	2,153,663
64,365	10,749	10,669	1,747,733	83,126	2,882,872
35,620	2,298	3,469	2,663	12,515	161,931
4,112	1,614	2,154	46,607	2,287	83,654
763	-	-	-	-	31,371
-	-	-	-	9,891	10,763
163	-	-	-	6,952	52,826
195	-	-	41	58	1,284
326	-	-	-	-	425
-	-	-	-	530	530
90	-	12	-	-	2,023
5,649	1,614	2,166	46,648	19,718	182,876
-	-	-	2,043	-	17,851
-	-	-	-	-	20
1,952	242	495	16	978	12,816
2,039	-	-	-	-	2,910
-	-	-	524,930	1,772	526,702
168,846	10,449	15,968	11,575	48,007	761,800
3,904	242	363	265	987	17,189
176,741	10,933	16,826	538,829	51,744	1,339,288
182,390	12,547	18,992	585,477	71,462	1,522,164
7,622	783	780	143,308	2,349	182,461
32,468	1,375	39	856,138	14,257	1,464,207
-	-	-	42,916	-	42,916
-	-	-	-	-	34,000
-	-	-	-	-	65,961
(122,495)	(1,658)	(5,673)	122,557	7,573	(266,906)
$ (90,027)	$ (283)	$ (5,634)	$ 1,021,611	$ 21,830	$ 1,340,178

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY	CORRECTIONAL INDUSTRIES
OPERATING REVENUES:				
License and Permits	$ 119,457	$ -	$ -	$ -
Tuition and Fees	-	-	-	-
Sales of Goods and Services	4,943	-	6,852	52,796
Investment Income (Loss)	-	4,692	-	-
Rental Income	-	-	651	-
Federal Grants and Contracts	36,256	265,536	-	3,369
Intergovernmental Revenue	20,229	-	-	-
Other	7,038	-	-	242
TOTAL OPERATING REVENUES	187,923	270,228	7,503	56,407
OPERATING EXPENSES:				
Salaries and Fringe Benefits	175,520	27,389	6,248	27,020
Operating and Travel	97,048	206,639	4,275	11,133
Cost of Goods Sold	441	-	-	31,812
Depreciation and Amortization	12,314	129	800	460
Intergovernmental Distributions	8,086	-	-	1
Debt Service	-	12,726	-	-
Prizes and Awards	18	-	913	-
TOTAL OPERATING EXPENSES	293,427	246,883	12,236	70,426
OPERATING INCOME (LOSS)	(105,504)	23,345	(4,733)	(14,019)
NONOPERATING REVENUES AND (EXPENSES):				
Taxes	-	-	-	-
Fines and Settlements	1,512	-	-	-
Investment Income (Loss)	204	-	1,835	(18)
Rental Income	14,020	-	-	10
Gifts and Donations	864	-	400	2
Gain/(Loss) on Sale or Impairment of Capital Assets	1,163	-	-	-
Insurance Recoveries from Prior Year Impairments	(3,113)	-	-	-
Debt Service	(1)	-	(47)	-
Other Revenues	1	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	14,650	-	2,188	(6)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(90,854)	23,345	(2,545)	(14,025)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	62	-	203	-
Transfers-In	21,113	-	1,300	-
Transfers-Out	(4,276)	(122)	(96)	(992)
TOTAL CONTRIBUTIONS AND TRANSFERS	16,899	(122)	1,407	(992)
CHANGE IN NET POSITION	(73,955)	23,223	(1,138)	(15,017)
NET POSITION - FISCAL YEAR BEGINNING	346,480	138,973	3,252	(17,916)
Accounting Changes (See Note 15B)	(9,477)	(93)	(264)	(1,387)
NET POSITION - FISCAL YEAR ENDING	$ 263,048	$ 162,103	$ 1,850	$ (34,320)

STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ 280	$ -	$ 8,192	127,929
-	-	-	-	1,776	1,776
26,233	18,410	22	124,343	5,723	239,322
-	-	-	-	113	4,805
-	-	-	-	2,192	2,843
32,191	-	-	15,352	1,008	353,712
249	-	-	515	-	20,993
50	966	-	25,027	267	33,590
58,723	19,376	302	165,237	19,271	784,970
72,575	3,582	18,112	4,089	19,848	354,383
10,221	3,054	19,468	(6,037)	7,750	353,551
-	13,558	-	-	83	45,894
2,190	97	14	16,721	863	33,588
4,764	-	-	12,700	3	25,554
-	-	-	-	-	12,726
-	6	-	-	2	939
89,750	20,297	37,594	27,473	28,549	826,635
(31,027)	(921)	(37,292)	137,764	(9,278)	(41,665)
-	-	39,954	-	-	39,954
-	-	-	596	68	2,176
52	50	(62)	2,465	34	4,560
2	-	-	-	-	14,032
-	-	-	1,441	375	3,082
3	-	(49)	(131)	271	1,257
-	-	-	-	-	(3,113)
(94)	-	(4)	(14,560)	(168)	(14,874)
-	-	-	-	-	1
(37)	50	39,839	(10,189)	580	47,075
(31,064)	(871)	2,547	127,575	(8,698)	5,410
-	-	-	-	-	265
986	-	-	-	443	23,842
(2,255)	(70)	(24)	(38)	(620)	(8,493)
(1,269)	(70)	(24)	(38)	(177)	15,614
(32,333)	(941)	2,523	127,537	(8,875)	21,024
(53,931)	882	(7,820)	894,635	31,549	1,336,104
(3,763)	(224)	(337)	(561)	(844)	(16,950)
$ (90,027)	$ (283)	$ (5,634)	$ 1,021,611	$ 21,830	$ 1,340,178

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY	CORRECTIONAL INDUSTRIES
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Tuition, Fees, and Student Loans	$ -	$ -	$ -	$ -
Fees for Service	121,697	-	5,186	15
Receipts for Interfund Services	-	-	-	8,498
Sales of Products	2,609	-	76	43,143
Gifts, Grants, and Contracts	36,079	253,168	-	3,605
Income from Property	14,020	-	651	10
Other Sources	23,356	-	2,116	242
Cash Payments to or for:				
Employees	(93,078)	(27,824)	(4,428)	(14,712)
Suppliers	(51,215)	(7,274)	(3,991)	(38,240)
Payments for Interfund Services	(3,107)	(50)	(59)	(77)
Sales Commissions and Lottery Prizes	(10,125)	-	-	-
Other Governments	(8,086)	-	-	(1)
Other	(8,482)	(213,448)	(999)	(315)
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,668	4,572	(1,448)	2,168
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers- In	39,751	226	1,503	-
Transfers- Out	(21,843)	(348)	(299)	(992)
Receipt of Deposits Held in Custody	768	-	-	-
Release of Deposits Held in Custody	(752)	-	-	-
Gifts and Grants for Other Than Capital Purposes	864	-	-	2
NonCapital Debt Proceeds	-	-	-	-
NonCapital Debt Service Payments	-	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	18,788	(122)	1,204	(990)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(50,373)	(594)	(1,672)	(993)
Proceeds from Sale of Capital Assets	19,978	306	1,331	525
Capital Debt Service Payments	(1)	-	(9)	-
Capital Lease Payments	-	-	(137)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(30,396)	(288)	(487)	(468)

STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ -	$ 1,805	$ 1,805
24,758	-	-	124,140	4,137	279,933
6	1	70	1,012	729	10,316
71	18,418	-	844	1,298	66,459
32,535	-	-	41,588	1,178	368,153
2	-	-	-	2,049	16,732
94	966	38,960	2,026	8,792	76,552
(39,900)	(2,124)	(15,102)	(3,479)	(8,566)	(209,213)
(8,534)	(15,562)	(222)	(13,959)	(5,351)	(144,348)
(79)	(47)	(146)	(430)	(348)	(4,343)
-	-	-	-	-	(10,125)
(4,391)	-	-	(12,700)	(3)	(25,181)
(15)	(10)	(18,917)	-	(229)	(242,415)
4,547	1,642	4,643	139,042	5,491	184,325
2,670	-	-	21	272	44,443
(3,939)	(70)	(24)	(59)	(449)	(28,023)
-	-	-	-	-	768
-	-	-	-	-	(752)
-	-	-	-	375	1,241
75	-	-	6,682	164	6,921
(626)	-	-	(6,682)	(164)	(7,472)
(1,820)	(70)	(24)	(38)	198	17,126
(10,351)	(148)	(329)	(273,985)	(4,370)	(342,815)
9,852	14	183	60,901	2,398	95,488
-	-	(4)	(11,153)	(670)	(11,837)
(403)	-	-	-	-	(540)
(902)	(134)	(150)	(224,237)	(2,642)	(259,704)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE FAIR AUTHORITY	CORRECTIONAL INDUSTRIES
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	1,938	6,671	1,848	28
Proceeds from Sale/Maturity of Investments	-	-	-	-
Purchases of Investments	-	-	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	(1,734)	(1,979)	(13)	(45)
NET CASH FROM INVESTING ACTIVITIES	204	4,692	1,835	(17)
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	12,264	8,854	1,104	693
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	148,044	153,166	(321)	2,823
CASH AND POOLED CASH, FISCAL YEAR END	$ 160,308	$ 162,020	$ 783	$ 3,516
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (105,504)	$ 23,345	$ (4,733)	$ (14,019)
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided by Operating Activities:				
Depreciation	12,314	129	800	460
Investment/Rental Income and Other Revenue in Operating Income	-	(4,692)	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	13,859	-	400	10
Compensated Absences Expense	544	5	9	(8)
Interest and Other Expense in Operating Income	19,187	-	183	(90)
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred				
Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(1,375)	3,376	(62)	(742)
(Increase) Decrease in Inventories	129	-	-	6,167
(Increase) Decrease in Other Operating Assets and Deferred Outflows	3,090	(7)	1	(2)
(Increase) Decrease in Pension Deferred Outflow	37,144	627	(8)	5,147
(Increase) Decrease in OPEB Deferred Outflow	(468)	(4)	1,087	(57)
Increase (Decrease) in Accounts Payable	2,782	(21)	(33)	(1,630)
Increase (Decrease) in Pension Liability	28,604	(737)	(4)	5,083
Increase (Decrease) in OPEB Liability	182	(21)	(4)	50
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	(3,079)	(17,285)	704	(128)
Increase (Decrease) in Pension Deferred Inflow	15,883	(277)	13	1,903
Increase (Decrease) in OPEB Deferred Inflow	376	134	199	24
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 23,668	$ 4,572	$ (1,448)	$ 2,168
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	-	-	203	-
Capital Assets Acquired by Grants or Donations and Payable Increases	482	-	-	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	(1,734)	(1,979)	(13)	(45)
Loss on Disposal of Capital and Other Assets	(276)	-	(41)	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	-	-	-

STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
346	154	46	5,246	1,040	17,317
559	-	-	15,334	1,000	16,894
(8)	-	-	(18,506)	(362)	(18,877)
(294)	(104)	(108)	(2,803)	(891)	(7,971)
603	50	(62)	(729)	787	7,363
2,428	1,488	4,407	(85,962)	3,834	(50,890)
19,953	7,187	1,535	413,654	47,503	793,544
$ 22,381	$ 8,675	$ 5,942	$ 327,692	$ 51,337	$ 742,654
$ (31,027)	$ (921)	$ (37,292)	$ 137,764	$ (9,278)	$ (41,665)
2,190	97	14	16,721	863	33,588
-	-	-	-	(113)	(4,805)
4	-	39,954	2,037	68	56,332
38	(4)	(149)	(19)	(60)	356
184	108	39	(40,127)	26	(20,490)
(413)	8	(1,371)	2,342	209	1,972
(3)	55	-	-	(120)	6,228
(1)	-	-	(71)	31	3,041
14,586	612	1,123	4,594	1,152	64,977
(182)	(17)	(23)	(24)	(103)	209
66	827	115	24,726	425	27,257
13,614	1,222	1,851	(11,312)	5,940	44,261
141	18	26	(296)	102	198
590	12	17	(3,160)	5,370	(16,959)
4,675	(379)	333	5,596	958	28,705
85	4	6	271	21	1,120
$ 4,547	$ 1,642	$ 4,643	$ 139,042	$ 5,491	$ 184,325
-	-	-	-	-	203
-	-	-	-	-	482
(294)	(104)	(108)	(2,803)	(180)	(7,260)
-	-	(49)	(131)	271	(226)
14	-	-	6,693	74	6,781

INTERNAL SERVICE FUNDS

These funds account for operations of State agencies that provide a majority of their services to other State agencies on a user charge basis. The major activities in these funds are:

CENTRAL SERVICES	This fund accounts for the sales of goods and services to other State agencies. The sales items include mail services, printing, quick copy, graphic design, microfilming, fleet, and motor pool.
STATEWIDE FINANCIAL INFORMATION TECHNOLOGY SYSTEMS CASH FUND	This fund accounts for information technology maintenance and upgrades as well as direct and indirect costs of the department in connection with Statewide financial and human resources information technology systems.
INFORMATION TECHNOLOGY	This fund accounts for computer and telecommunications services sold to other State agencies.
CAPITOL COMPLEX	This fund accounts for the cost and income related to maintaining State office space in the complex surrounding the State Capitol. Only certain capitol complex capital assets are reported in this fund, and other capitol complex capital assets are reported on the government-wide financial statements.
HIGHWAYS	This fund is used to account for the operations of the Department of Transportation print shop.
PUBLIC SAFETY	This fund accounts for aircraft rental to State agencies by the Department of Public Safety.
OFFICE OF ADMINISTRATIVE COURTS	This fund accounts for the operations of the Office of Administrative Courts in the Department of Personnel & Administration.
LEGAL SERVICES	This fund accounts for the Attorney General's services to State agencies in the Department of Law.
OTHER INTERNAL SERVICE ACTIVITIES	This fund primarily accounts for the activities of the Central Collections Unit within the Department of Personnel & Administration. The unit collects receivables due to State agencies on a straight commission basis.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 10,322	$ 2,339	$ 26,043	$ 6,148
Other Receivables, net	664	-	360	36
Due From Other Governments	-	-	73	-
Due From Other Funds	-	-	233	-
Inventories	458	-	-	156
Prepaids, Advances and Deposits	19	22	3,729	-
Total Current Assets	11,463	2,361	30,438	6,340
Noncurrent Assets:				
Depreciable Capital Assets and Infrastructure, net	75,796	26,266	16,970	12,714
Land and Nondepreciable Capital Assets	-	174	607	-
Total Noncurrent Assets	75,796	26,440	17,577	12,714
TOTAL ASSETS	87,259	28,801	48,015	19,054
DEFERRED OUTFLOW OF RESOURCES:	8,264	2,847	99,663	4,402
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	2,254	381	28,156	801
Due To Other Funds	5	-	-	-
Unearned Revenue	-	-	1,239	-
Compensated Absences Payable	1	-	913	24
Leases Payable	16,317	3,700	-	1,349
Other Current Liabilities	187	-	-	-
Total Current Liabilities	18,764	4,081	30,308	2,174
Noncurrent Liabilities:				
Accrued Compensated Absences	534	110	6,859	242
Capital Lease Payable	55,149	11,248	-	10,812
Net Pension Liability	40,190	10,317	467,942	19,897
Other Postemployment Benefits	892	231	10,128	446
Total Noncurrent Liabilities	96,765	21,906	484,929	31,397
TOTAL LIABILITIES	115,529	25,987	515,237	33,571
DEFERRED INFLOW OF RESOURCES:	2,442	560	17,893	1,158
NET POSITION:				
Net investment in Capital Assets:	4,330	11,491	17,577	553
Unrestricted	(26,778)	(6,390)	(403,029)	(11,826)
TOTAL NET POSITION	$ (22,448)	$ 5,101	$ (385,452)	$ (11,273)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 1,941	$ 560	$ 1,374	$ 8,569	$ 803	$ 58,099
-	9	8	5	33	1,115
-	-	-	-	-	73
-	-	-	-	-	233
61	-	-	-	-	675
-	-	-	225	-	3,995
2,002	569	1,382	8,799	836	64,190
99	1,613	-	1,062	-	134,520
-	-	-	-	38	819
99	1,613	-	1,062	38	135,339
2,101	2,182	1,382	9,861	874	199,529
782	165	5,174	30,010	2,215	153,522
2,532	10	381	2,741	504	37,760
-	-	-	-	-	5
3	-	-	-	59	1,301
-	-	-	300	-	1,238
-	-	-	-	-	21,366
-	-	-	-	-	187
2,535	10	381	3,041	563	61,857
-	-	342	1,587	38	9,712
-	-	-	-	-	77,209
3,927	1	23,322	138,879	8,103	712,578
90	-	523	3,050	182	15,542
4,017	1	24,187	143,516	8,323	815,041
6,552	11	24,568	146,557	8,886	876,898
579	57	1,274	5,920	376	30,259
99	1,613	-	1,062	38	36,763
(4,347)	666	(19,286)	(113,668)	(6,211)	(590,869)
$ (4,248)	$ 2,279	$ (19,286)	$ (112,606)	$ (6,173)	$ (554,106)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
OPERATING REVENUES:				
Sales of Goods and Services	$ 63,427	$ 11,318	$ 296,711	$ 61
Rental Income	-	-	-	17,344
Other	345	-	22	-
TOTAL OPERATING REVENUES	63,772	11,318	296,733	17,405
OPERATING EXPENSES:				
Salaries and Fringe Benefits	17,311	5,757	285,136	8,169
Operating and Travel	37,449	6,228	98,850	6,206
Cost of Goods Sold	1	-	-	-
Depreciation and Amortization	19,107	4,251	4,514	2,325
Intergovernmental Distributions	-	-	-	6
Prizes and Awards	-	-	21	3
TOTAL OPERATING EXPENSES	73,868	16,236	388,521	16,709
OPERATING INCOME (LOSS)	(10,096)	(4,918)	(91,788)	696
NONOPERATING REVENUES AND (EXPENSES):				
Fines and Settlements	1	-	-	-
Investment Income (Loss)	-	6	(332)	-
Gifts and Donations	-	-	1	-
Gain/(Loss) on Sale or Impairment of Capital Assets	3,473	-	(2)	93
Insurance Recoveries from Prior Year Impairments	232	-	-	55
Debt Service	(1,386)	(218)	-	(613)
TOTAL NONOPERATING REVENUES (EXPENSES)	2,320	(212)	(333)	(465)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(7,776)	(5,130)	(92,121)	231
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	1,999	-	-	-
Transfers- In	338	1,362	-	32
Transfers- Out	(768)	(144)	(671)	(1,898)
TOTAL CONTRIBUTIONS AND TRANSFERS	1,569	1,218	(671)	(1,866)
CHANGE IN NET POSITION	(6,207)	(3,912)	(92,792)	(1,635)
NET POSITION - FISCAL YEAR BEGINNING	(15,359)	9,245	(283,078)	(9,224)
Accounting Changes (See Note 15B)	(882)	(232)	(9,582)	(414)
NET POSITION - FISCAL YEAR ENDING	$ (22,448)	$ 5,101	$ (385,452)	$ (11,273)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 1,134	$ 170	$ 5,757	$ 41,424	$ 4,063	$ 424,065
-	-	-	-	-	17,344
-	1	-	1	-	369
1,134	171	5,757	41,425	4,063	441,778
1,105	(29)	9,412	61,569	4,821	393,251
801	(1,426)	1,041	3,354	1,366	153,869
-	-	-	-	-	1
54	152	-	198	-	30,601
-	-	-	-	-	6
-	-	-	-	-	24
1,960	(1,303)	10,453	65,121	6,187	577,752
(826)	1,474	(4,696)	(23,696)	(2,124)	(135,974)
-	-	-	-	-	1
-	-	5	(11)	(2)	(334)
-	-	-	-	-	1
(6)	-	-	-	-	3,558
-	-	-	-	-	287
(1)	-	-	(3)	(10)	(2,231)
(7)	-	5	(14)	(12)	1,282
(833)	1,474	(4,691)	(23,710)	(2,136)	(134,692)
-	-	-	-	-	1,999
-	-	-	-	-	1,732
-	-	(194)	(3,214)	(347)	(7,236)
-	-	(194)	(3,214)	(347)	(3,505)
(833)	1,474	(4,885)	(26,924)	(2,483)	(138,197)
(3,311)	797	(13,917)	(82,722)	(3,545)	(401,114)
(104)	8	(484)	(2,960)	(145)	(14,795)
$ (4,248)	$ 2,279	$ (19,286)	$ (112,606)	$ (6,173)	$ (554,106)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Fees for Service	$ 1,738	$ -	$ 163
Receipts for Interfund Services	61,606	11,318	293,093
Sales of Products	7	-	30
Gifts, Grants, and Contracts	91	-	-
Income from Property	-	-	-
Other Sources	2,109	-	359
Cash Payments to or for:			
Employees	(9,154)	(2,074)	(186,948)
Suppliers	(34,295)	(147)	(45,329)
Payments for Interfund Services	(3,195)	(6,077)	(40,241)
Sales Commissions and Lottery Prizes	-	-	-
Other Governments	-	-	-
Other	(33)	(5)	(219)
NET CASH PROVIDED BY OPERATING ACTIVITIES	18,874	3,015	20,908
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers- In	1,075	1,362	1
Transfers- Out	(1,448)	(144)	(672)
Receipt of Deposits Held in Custody	352	-	-
Release of Deposits Held in Custody	(219)	-	-
NonCapital Debt Proceeds	-	164	-
NonCapital Debt Service Payments	-	(164)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(240)	1,218	(671)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(22,146)	0	(10,808)
Proceeds from Sale of Capital Assets	22,672	26	5,595
Capital Debt Service Payments	(25)	(29)	-
Capital Lease Payments	(18,035)	(3,918)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(17,534)	(3,921)	(5,213)

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 34	$ 2	$ 9	$ 27	$ 103	$ 413	$ 2,489
26	115	156	5,741	41,391	3,642	417,088
-	1,020	-	-	-	-	1,057
-	-	-	-	-	-	91
17,319	-	-	-	-	-	17,319
44	3	-	-	1	18	2,534
(3,927)	(643)	(82)	(4,383)	(31,947)	(2,689)	(241,847)
(6,003)	1,900	(193)	(525)	(3,206)	(1,177)	(88,975)
(597)	(2,526)	-	(494)	(501)	(512)	(54,143)
-	-	-	-	-	(374)	(374)
(6)	-	-	-	-	-	(6)
(4)	-	-	-	(14)	(26)	(301)
6,886	(129)	(110)	366	5,827	(705)	54,932
32	-	-	-	-	-	2,470
(1,898)	-	-	(194)	(3,214)	(347)	(7,917)
-	3	-	-	-	-	355
-	(3)	-	-	-	-	(222)
-	-	-	-	-	-	164
-	-	-	-	-	-	(164)
(1,866)	-	-	(194)	(3,214)	(347)	(5,314)
(421)	(512)	(1,608)	(27)	(1,000)	(104)	(36,626)
240	526	1,601	-	573	38	31,271
-	(1)	-	-	(3)	(10)	(68)
(1,962)	-	-	-	-	-	(23,915)
(2,143)	13	(7)	(27)	(430)	(76)	(29,338)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	-	34	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	-	(28)	(332)
NET CASH FROM INVESTING ACTIVITIES	-	6	(332)
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	1,100	318	14,692
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	9,222	2,021	11,351
CASH AND POOLED CASH, FISCAL YEAR END	$ 10,322	$ 2,339	$ 26,043
RECONCILIATION OF OPERATING INCOME TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (10,096)	$ (4,918)	$ (91,788)
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Provided by Operating Activities:			
Depreciation	19,107	4,251	4,514
Rents, Fines, Donations, and Grants and Contracts in NonOperating	1,833	-	1
Compensated Absences Expense	(62)	27	692
Interest and Other Expense in Operating Income	124	1	19
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred			
Inflows Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(54)	-	1,368
(Increase) Decrease in Inventories	24	-	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(3)	-	962
(Increase) Decrease in Pension Deferred Outflow	4,495	2,603	34,454
(Increase) Decrease in OPEB Deferred Outflow	(32)	(9)	(596)
Increase (Decrease) in Accounts Payable	(225)	9	12,285
Increase (Decrease) in Pension Liability	2,587	544	45,989
Increase (Decrease) in OPEB Liability	9	(1)	546
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	3	(1)	(4,029)
Increase (Decrease) in Pension Deferred Inflow	1,130	498	16,322
Increase (Decrease) in OPEB Deferred Inflow	34	11	169
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 18,874	$ 3,015	$ 20,908
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	1,942	-	-
Loss on Disposal of Capital and Other Assets	1,872	-	(2)
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	115	-
Assumption of Capital Lease Obligation or Mortgage	18,784	-	-

CAPITOL COMPLEX	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
-	-	-	22	95	4	155
-	-	-	(16)	(106)	(6)	(488)
-	-	-	6	(11)	(2)	(333)
2,877	(116)	(117)	151	2,172	(1,130)	19,947
3,271	2,057	677	1,223	6,397	1,933	38,152
$ 6,148	$ 1,941	$ 560	$ 1,374	$ 8,569	$ 803	$ 58,099
$ 696	$ (826)	$ 1,474	$ (4,696)	$ (23,696)	$ (2,124)	$ (135,974)
2,325	54	152	-	198	-	30,601
148	-	-	-	-	-	1,982
(24)	-	-	22	164	3	822
19	-	(1,601)	-	-	1	(1,437)
(26)	2	(5)	10	71	(7)	1,359
2	168	-	-	-	-	194
-	-	-	2	(53)	-	908
1,570	566	(264)	1,712	13,949	(53)	59,032
(31)	(2)	(7)	(37)	(139)	(31)	(884)
(406)	2,532	(18)	22	(141)	(750)	13,308
2,422	(394)	355	2,876	10,057	1,949	66,385
32	(14)	8	38	90	37	745
(81)	(2,534)	7	28	54	43	(6,510)
231	303	(211)	379	5,203	223	24,078
9	16	-	10	70	4	323
$ 6,886	$ (129)	$ (110)	$ 366	$ 5,827	$ (705)	$ 54,932
-	-	-	-	-	-	1,942
-	(6)	-	-	-	-	1,864
-	-	-	-	-	-	115
-	-	-	-	-	-	18,784

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the State in its governmental capacity on behalf of local governments, citizens, and other external parties. Pension and Other Employee Benefits Trust Funds and Private Purpose Trust Funds are included in this category. The major components of the fiduciary funds are:

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

STATE EMPLOYEE BENEFIT PLANS	This fund was established for the purpose of risk financing employee and state-official medical claims. The fund includes several medical plan options ranging from provider of choice to managed care and wellness activity. The State uses a self-funded approach for certain employee and state-official medical claims.
COLORADO STATE UNIVERSITY OTHER POST-EMPLOYMENT BENEFITS TRUST	Colorado State University administers four employee defined benefit healthcare plans as part of a single qualifying trust. The plans provide post-employment subsidies for medical premiums, supplemental prescription benefits and income replacement benefits for long-term disability. The University's Board of Governors has the authority to establish and amend benefits provisions for all plans.

PRIVATE PURPOSE TRUST FUNDS

TREASURER'S	This fund primarily includes moneys managed by the State Treasurer on behalf of qualified charter schools (those charters schools meeting specific statutory requirements) to finance capital construction with bonds guaranteed by the moneys in this fund. Qualified charter schools choosing to participate in this program make annual payments to the fund that may be used by the Treasurer to make debt service payments if any of the qualified schools is unable to do so.
UNCLAIMED PROPERTY	This fund comprises a portion of the escheats funds managed by the State Treasurer. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. The owner's legal rights to the asset are protected in perpetuity. The fund reports Net Position Held in Trust for the amount ultimately expected to be claimed and paid based on analysis of the history of claims paid versus collections. The remaining unclaimed assets are reported in the Unclaimed Property nonmajor Special Revenue Fund.

COLLEGE SAVINGS PLAN	The College Savings Plan (commonly referred to as the Scholars Choice Fund) authorized in statute is used to record the deposits, withdrawals, and investment returns of participants in the college savings program. The moneys in the fund are neither insured nor guaranteed by the State.
COLLEGE OPPORTUNITY FUND	The College Opportunity Fund (COF) began operations in Fiscal Year 2005-06. It receives stipends appropriated by the Legislature and distributes them to qualified institutions on behalf of students attending public and certain private institutions of higher education in the State. The appropriated amounts are held in trust in the COF until the institutions apply for the stipend on behalf of the students. Any unused stipends remain in the COF and do not revert to the State.
OTHER	This fund primarily accounts for receipts collected from racetracks and simulcast facilities for distribution to horse breeders and associations who participate in state-regulated parimutuel horse racing.

AGENCY FUNDS

These funds are held in custody for others. Major items include litigation settlement escrow accounts; contractor's performance escrow accounts; sales taxes collected for cities and counties; deposits held to ensure land restoration by mining and oil exploration companies; amounts held for the trustee related to Certificates of Participation or revenue Bonds for Higher Education Institutions, Building Excellent Schools Today (BEST), the Bridge Enterprise program; and assets invested for the Colorado Water Resources and Power Development Authority (a discretely presented component unit).

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	STATE EMPLOYEE BENEFIT PLANS	COLORADO STATE UNIVERSITY OTHER POST-EMPLOYMENT BENEFITS TRUST	TOTALS
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 81,029	$ 11,257	$ 92,286
Other Receivables, net	1,226	3	1,229
Due From Other Funds	816	-	816
Noncurrent Assets:			
Investments:			
Government Securities	-	3,824	3,824
Corporate Bonds	-	9,744	9,744
Asset Backed Securities	-	777	777
Mortgages	-	6,331	6,331
Mutual Funds	-	20,682	20,682
Other Investments	-	28,736	28,736
TOTAL ASSETS	83,071	81,354	164,425
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	19,431	83	19,514
Due To Other Funds	7	-	7
Unearned Revenue	2	-	2
Compensated Absences Payable	24	-	24
Claims and Judgments Payable	18,459	-	18,459
Noncurrent Liabilities:			
Accrued Compensated Absences	31	-	31
TOTAL LIABILITIES	37,954	83	38,037
NET POSITION:			
Held in Trust for:			
Pension/Benefit Plan Participants	45,117	81,271	126,388
TOTAL NET POSITION	$ 45,117	$ 81,271	$ 126,388

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	STATE EMPLOYEE BENEFIT PLANS	COLORADO STATE UNIVERSITY OTHER POST-EMPLOYMENT BENEFITS TRUST	TOTALS
ADDITIONS:			
Member Contributions	$ 85,584	$ 1,577	$ 87,161
Employer Contributions	321,273	2,174	323,447
Investment Income/(Loss)	220	3,071	3,291
Other Additions	6,029	-	6,029
Transfers-In	1,403	-	1,403
TOTAL ADDITIONS	414,509	6,822	421,331
DEDUCTIONS:			
Distributions to Participants	-	3,519	3,519
Health Insurance Premiums Paid	149,830	-	149,830
Health Insurance Claims Paid	214,817	-	214,817
Other Benefits Plan Expense	32,000	-	32,000
Other Deductions	22,071	400	22,471
Transfers-Out	209	-	209
TOTAL DEDUCTIONS	418,927	3,919	422,846
CHANGE IN NET POSITION	(4,418)	2,903	(1,515)
NET POSITION - FISCAL YEAR BEGINNING	49,535	78,368	127,903
NET POSITION - FISCAL YEAR ENDING	$ 45,117	$ 81,271	$ 126,388

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 13,410	$ 151,902	$ 61,147
Investments	-	-	-
Other Receivables, net	38	-	10,107
Due From Other Funds	-	-	9,891
Noncurrent Assets:			
Repurchase Agreements	-	-	295
Asset Backed Securities	-	17,465	-
Mutual Funds	-	-	7,151,820
Guaranteed Investment Contracts		-	161,050
Other Investments	-	-	769,513
TOTAL ASSETS	13,448	169,367	8,163,823
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	$ -	$ -	$ 8,922
Due To Other Funds	-	-	59
Unearned Revenue	-	-	4,985
Deposits Held In Custody For Others	-	-	5,255
TOTAL LIABILITIES	-	-	19,221
NET POSITION:			
Held in Trust for:			
Individuals, Organizations, and Other Entities	13,448	169,367	8,144,602
TOTAL NET POSITION	$ 13,448	$ 169,367	$ 8,144,602

COLLEGE OPPORTUNITY FUND	OTHER	TOTALS
$ 136	$ 5,758	$ 232,353
-	472	472
-	898	11,043
-	-	9,891
-	-	295
-	-	17,465
-	-	7,151,820
	-	161,050
-	-	769,513
136	7,128	8,353,902
$ -	$ 1,686	$ 10,608
-	-	59
-	4,702	9,687
-	-	5,255
-	6,388	25,609
136	740	8,328,293
$ 136	$ 740	$ 8,328,293

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN
ADDITIONS:			
Additions By Participants	$ -	$ -	$ 987,860
Investment Income/(Loss)	60	(1,948)	477,319
Unclaimed Property Receipts	-	49,704	-
Other Additions	949	-	972
Transfers-In	-	-	86
TOTAL ADDITIONS	1,009	47,756	1,466,237
DEDUCTIONS:			
Distributions to Participants	-	-	-
Payments in Accordance with Trust Agreements	521	30,773	773,089
Transfers-Out	-	-	-
TOTAL DEDUCTIONS	521	30,773	773,089
CHANGE IN NET POSITION	488	16,983	693,148
NET POSITION - FISCAL YEAR BEGINNING	12,960	152,384	7,451,454
NET POSITION - FISCAL YEAR ENDING	$ 13,448	$ 169,367	$ 8,144,602

COLLEGE OPPORTUNITY FUND	OTHER	TOTALS
$ 293,108	$ 11,152	$ 1,292,120
-	32	475,463
-	-	49,704
-	1,275	3,196
-	-	86
293,108	12,459	1,820,569
293,178	-	293,178
-	12,650	817,033
-	476	476
293,178	13,126	1,110,687
(70)	(667)	709,882
206	1,407	7,618,411
$ 136	$ 740	$ 8,328,293

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 138,792	$ 1,823,285	$ 1,816,350	$ 145,727
Taxes Receivable, net	172,429	268,399	255,414	185,414
Other Receivables, net	-	1	1	-
TOTAL ASSETS	$ 311,221	$ 2,091,685	$ 2,071,765	331,141
LIABILITIES:				
Tax Refunds Payable	$ 3,807	$ 2,932	$ 4,165	$ 2,574
Accounts Payable and Accrued Liabilities	-	10	-	10
Due To Other Governments	307,039	1,998,508	1,976,367	329,180
Due To Other Funds	-	10	10	-
Claims and Judgments Payable	8	815	778	45
Other Current Liabilities	-	30	907	(877)
Other Long-Term Liabilities	367	2,198	2,356	209
TOTAL LIABILITIES	$ 311,221	$ 2,004,503	$ 1,984,583	$ 331,141

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 135,549	$ 208,017	$ 198,550	$ 145,016
Taxes Receivable, net	7,394	11,281	10,922	7,753
Other Receivables, net	355	1,974	2,024	305
Inventories	5	7	9	3
Other Long-Term Assets	11,371	698	2,289	9,780
TOTAL ASSETS	$ 154,674	$ 221,977	$ 213,794	$ 162,857
LIABILITIES:				
Tax Refunds Payable	$ 29	$ 198	$ 54	$ 173
Accounts Payable and Accrued Liabilities	1,199	25,692	25,633	1,258
Due To Other Governments	12,327	121,481	120,085	13,723
Due To Other Funds	-	7,450	7,450	-
Unearned Revenue	-	7,015	7,015	-
Claims and Judgments Payable	28	1,761	1,789	-
Other Current Liabilities	140,668	119,887	113,308	147,247
Deposits Held In Custody For Others	417	32	-	449
Other Long-Term Liabilities	6	148	147	7
TOTAL LIABILITIES	$ 154,674	$ 283,664	$ 275,481	$ 162,857

COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

DEPARTMENT OF TREASURY AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 307,177	$ 526,707	$ 331,807	$ 502,077
Other Receivables, net	-	283	283	-
Due From Other Funds	14,098	11,115	14,098	11,115
Due From Component Units	-	188	-	188
TOTAL ASSETS	$ 321,275	$ 538,293	$ 346,188	$ 513,380
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ 7	$ 550	$ 530	$ 27
Other Current Liabilities	286,179	517,177	338,194	465,162
Deposits Held In Custody For Others	35,089	17,935	4,833	48,191
TOTAL LIABILITIES	$ 321,275	$ 535,662	$ 343,557	$ 513,380

COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TOTALS - ALL AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 581,518	$ 2,558,009	$ 2,346,707	$ 792,820
Taxes Receivable, net	179,823	279,680	266,336	193,167
Other Receivables, net	355	2,258	2,308	305
Due From Other Funds	14,098	11,115	14,098	11,115
Due From Component Units	-	188	-	188
Inventories	5	7	9	3
Other Long-Term Assets	11,371	698	2,289	9,780
TOTAL ASSETS	$ 787,170	$ 2,851,955	$ 2,631,747	$ 1,007,378
LIABILITIES:				
Tax Refunds Payable	$ 3,836	$ 3,130	$ 4,219	$ 2,747
Accounts Payable and Accrued Liabilities	1,206	26,252	26,163	1,295
Due To Other Governments	319,366	2,119,989	2,096,452	342,903
Due To Other Funds	-	7,460	7,460	-
Unearned Revenue	-	7,015	7,015	-
Claims and Judgments Payable	36	2,576	2,567	45
Other Current Liabilities	426,847	637,094	452,409	611,532
Deposits Held In Custody For Others	35,506	17,967	4,833	48,640
Other Long-Term Liabilities	373	2,346	2,503	216
TOTAL LIABILITIES	$ 787,170	$ 2,823,829	$ 2,603,621	$ 1,007,378

COMPONENT UNITS

The following statements present the Other Component Units (Nonmajor) aggregated in the combined component unit statements. Descriptions of each of the component units presented can be found in Note 1.

COMBINING STATEMENT OF NET POSITION
OTHER COMPONENT UNITS (NONMAJOR)
JUNE 30, 2018

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	HLC @ METRO	TOTAL
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 2,084	$ 137	$ 2,221
Other Receivables, net	2,579	241	2,820
Due From Other Governments	-	386	386
Total Current Assets	4,663	764	5,427
Noncurrent Assets:			
Restricted Cash and Pooled Cash	5,842	9,020	14,862
Other Long-Term Assets	218	163	381
Depreciable Capital Assets and Infrastructure, net	124,056	37,359	161,415
Land and Nondepreciable Capital Assets	24,241	4,670	28,911
Total Noncurrent Assets	154,357	51,212	205,569
TOTAL ASSETS	159,020	51,976	210,996
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	4	1,235	1,239
Other Current Liabilities	-	545	545
Total Current Liabilities	4	1,780	1,784
Noncurrent Liabilities:			
Notes, Bonds, and COPs Payable	-	51,368	51,368
Total Noncurrent Liabilities	-	51,368	51,368
TOTAL LIABILITIES	4	53,148	53,152
NET POSITION:			
Net investment in Capital Assets:	148,297	42,029	190,326
Restricted for:			
Other Purposes	6,087	-	6,087
Unrestricted	4,632	(43,201)	(38,569)
TOTAL NET POSITION	$ 159,016	$ (1,172)	$ 157,844

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION OTHER COMPONENT UNITS (NONMAJOR) FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	COLORADO VENTURE CAPITAL AUTHORITY	HLC @ METRO	TOTAL
OPERATING REVENUES:				
Sales of Goods and Services	$ -	$ -	$ 10,253	$ 10,253
Rental Income	7,042	-	-	7,042
TOTAL OPERATING REVENUES	7,042	-	10,253	17,295
OPERATING EXPENSES:				
Operating and Travel	1,095	-	6,605	7,700
Depreciation and Amortization	4,802	-	1,208	6,010
TOTAL OPERATING EXPENSES	5,897	-	7,813	13,710
OPERATING INCOME (LOSS)	1,145	-	2,440	3,585
NONOPERATING REVENUES AND (EXPENSES):				
Investment Income (Loss)	8	-	58	66
Gifts and Donations	-	-	57	57
Federal Grants and Contracts	-	-	994	994
Debt Service	-	-	(3,184)	(3,184)
Other Expenses	-	-	(666)	(666)
TOTAL NONOPERATING REVENUES (EXPENSES)	8	-	(2,741)	(2,733)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,153	-	(301)	852
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	3,167	-	-	3,167
TOTAL CONTRIBUTIONS AND TRANSFERS	3,167	-	-	3,167
CHANGE IN NET POSITION	4,320	-	(301)	4,019
NET POSITION - FISCAL YEAR BEGINNING	154,696	62,172	(871)	215,997
Prior Period Adjustments (See Note 15A)	-	(62,172)	-	(62,172)
NET POSITION - FISCAL YEAR ENDING	$ 159,016	$ -	$ (1,172)	$ 157,844

NON-APPROPRIATED BUDGET SCHEDULES

The schedules on the following pages provide, by department, nonappropriated budget-to-actual activity. The budgets are based on a variety of sources that are not subject to appropriation by the General Assembly that generally include most federal awards, custodial agreements, and Colorado statutes. In Higher Education Institutions informational only appropriations for tuition and certain fees contained in the State's legislative appropriations act are not controlling. Therefore, expenditures may exceed recorded budgets in these appropriations.

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGETARY BASIS
BUDGET AND ACTUAL - NONAPPROPRIATED GENERAL FUNDED
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 231,508	
Income Taxes			511,868	
Other Taxes			20,106	
Sales and Services			47	
Interest Earnings			1,291	
Other Revenues			1,844	
Transfers-In			14,982	
TOTAL REVENUES AND TRANSFERS-IN			781,647	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Corrections	$ -	$ 91	$ 91	$ -
Education	-	74	73	1
Governor	-	2,288	2,288	-
Health Care Policy and Financing	-	2,812	2,812	-
Higher Education	-	1,537	1,537	-
Human Services	-	5,437	5,427	10
Judicial Branch	-	5	5	-
Labor and Employment	-	401	376	25
Legislative Branch	-	17	17	-
Local Affairs	4,391	4,590	4,572	18
Personnel & Administration	-	642	642	-
Regulatory Agencies	4,150	4,150	4,150	-
Revenue	190,105	290,807	278,855	11,952
Treasury	355,790	355,790	355,790	-
Transfers Not Appropriated by Department	92,084	92,084	92,084	-
SUB-TOTAL OPERATING BUDGETS	646,520	760,725	748,719	12,006
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 646,520	$ 760,725	748,719	$ 12,006
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 32,928	

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES,
AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS
BUDGET AND ACTUAL - NONAPPROPRIATED CASH FUNDED
FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 897,698	
Other Taxes			900,957	
Tuition and Fees			1,254,646	
Sales and Services			1,559,064	
Interest Earnings			595,585	
Health Care Provider Fees			3	
Other Revenues			3,085,742	
Transfers-In			5,837,605	
TOTAL REVENUES AND TRANSFERS-IN			14,131,300	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 2,530	$ 6,352	3,486	$ 2,866
Corrections	33,115	54,952	51,777	3,175
Education	4,107,367	4,100,158	4,091,707	8,451
Governor	334,468	366,748	182,005	184,743
Health Care Policy and Financing	13,655	23,269	10,071	13,198
Higher Education	1,679,688	1,699,267	1,729,260	(29,993)
Human Services	330,155	157,316	119,561	37,755
Judicial Branch	43,387	61,542	57,593	3,949
Labor and Employment	605,269	610,341	446,557	163,784
Law	36,125	36,364	7,479	28,885
Legislative Branch	13,505	13,505	4,726	8,779
Local Affairs	302,728	341,829	217,646	124,183
Military and Veterans Affairs	2,952	2,952	2,562	390
Natural Resources	936,303	1,016,332	442,564	573,768
Personnel & Administration	494,724	499,297	488,157	11,140
Public Health and Environment	38,188	108,316	10,685	97,631
Public Safety	126,099	126,649	61,821	64,828
Regulatory Agencies	13,392	14,016	3,726	10,290
Revenue	773,133	892,237	848,042	44,195
State	3,982	4,040	601	3,439
Transportation	3,240,139	3,496,345	992,684	2,503,661
Treasury	2,065,023	2,073,563	1,902,903	170,660
Budgets/Transfers Not Recorded by Department	6,089	6,089	6,090	(1)
SUB-TOTAL OPERATING BUDGETS	15,202,016	15,711,479	11,681,703	4,029,776
Capital and Multi-Year Budgets:				
Departmental:				
Natural Resources	32,225	75,662	17,334	58,328
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	32,225	75,662	17,334	58,328
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 15,234,241	$ 15,787,141	11,699,037	$ 4,088,104
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 2,432,263	

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES, AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - NONAPPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2018

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 3,994,202	
TOTAL REVENUES AND TRANSFERS-IN			3,994,202	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 3,961	$ 10,696	4,930	$ 5,766
Corrections	4,167	6,415	5,150	1,265
Education	648,234	827,091	594,834	232,257
Governor	6,456	66,726	25,798	40,928
Health Care Policy and Financing	257,441	369,324	312,389	56,935
Higher Education	29,562	384,922	280,738	104,184
Human Services	308,814	1,291,095	1,106,724	184,371
Judicial Branch	9,939	26,403	21,270	5,133
Labor and Employment	117,751	203,628	110,614	93,014
Law	1,828	1,828	1,749	79
Legislative Branch	-	-	-	-
Local Affairs	80,705	336,387	135,458	200,929
Military and Veterans Affairs	215,303	31,264	16,670	14,594
Natural Resources	27,100	140,130	74,344	65,786
Personnel & Administration	-	365	270	95
Public Health and Environment	277,764	416,718	275,887	140,831
Public Safety	56,736	426,864	103,960	322,904
Regulatory Agencies	1,269	9,327	4,698	4,629
Revenue	824	3,147	1,016	2,131
State	-	1,354	841	513
Transportation	718,110	901,427	701,759	199,668
Treasury	103,004	114,652	114,652	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,868,968	5,569,763	3,893,751	1,676,012
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 2,868,968	$ 5,569,763	3,893,751	$ 1,676,012
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 100,451	

SCHEDULE OF TABOR REVENUE AND COMPUTATIONS

STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER
COMPARISON OF NONEXEMPT TABOR REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Fiscal Year 2017-18	Fiscal Year 2016-17	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	$ 6,957,330,741	$ 6,217,352,254	$ 739,978,487	11.9%
Sales and Use Tax, Net	3,235,912,170	2,986,889,660	249,022,510	8.3%
Corporate Income Tax, Net	736,021,976	467,410,554	268,611,422	57.5%
Insurance Taxes	303,594,443	290,502,910	13,091,533	4.5%
Tobacco Products Tax, Net	50,982,130	57,789,846	(6,807,716)	-11.8%
Fiduciary Income Tax, Net	48,700,734	45,469,559	3,231,175	7.1%
Alcoholic Beverages Tax, Net	46,487,583	44,993,816	1,493,767	3.3%
Interest and Investment Income	18,123,754	14,249,805	3,873,949	27.2%
Court and Other Fines	9,203,005	23,414,532	(14,211,527)	-60.7%
Business Licenses and Permits	7,453,344	5,314,217	2,139,127	40.3%
Miscellaneous Revenue	1,598,058	1,830,729	(232,671)	-12.7%
General Government Service Fees	667,032	315,724	351,308	111.3%
Gaming and Other Taxes	516,022	578,949	(62,927)	-10.9%
Other Charges For Services	42,542	20,081	22,461	111.9%
Estate and Inheritance Taxes	-	(31,700)	31,700	-100.0%
TOTAL GENERAL-FUNDED REVENUES	11,416,633,534	10,156,100,936	1,260,532,598	12.4%
PROGRAM REVENUES				
Fuel and Transportation Taxes, Net	658,463,068	630,990,319	27,472,749	4.4%
Motor Vehicle Registrations	280,279,899	266,685,397	13,594,502	5.1%
Business Licenses and Permits	175,823,163	169,412,205	6,410,958	3.8%
Court and Other Fines	174,692,569	172,313,824	2,378,745	1.4%
Other Charges For Services	161,187,329	153,669,337	7,517,992	4.9%
Severance Taxes	132,827,140	12,619,042	120,208,098	952.6%
Gaming and Other Taxes	105,879,363	102,835,083	3,044,280	3.0%
Health Service Fees	79,435,462	731,250,340	(651,814,878)	-89.1%
General Government Service Fees	70,193,136	63,753,589	6,439,547	10.1%
Miscellaneous Revenue	69,091,036	20,494,814	48,596,222	237.1%
Interest and Investment Income	62,050,575	49,936,280	12,114,295	24.3%
Rents and Royalties	60,113,530	55,339,198	4,774,332	8.6%
Driver's Licenses	45,855,931	42,403,181	3,452,750	8.1%
Sales and Use Tax, Net	42,921,159	64,305,919	(21,384,760)	-33.3%
Local Governments and Authorities	35,465,294	32,432,799	3,032,495	9.4%
Nonbusiness Licenses and Permits	34,334,358	36,379,181	(2,044,823)	-5.6%
Employment Taxes	34,245,305	32,507,078	1,738,227	5.3%
Certifications and Inspections	25,091,657	24,482,392	609,265	2.5%
Public Safety Service Fees	21,186,165	23,419,927	(2,233,762)	-9.5%
Insurance Taxes	17,096,515	11,010,200	6,086,315	55.3%
Higher Education Auxiliary Sales and Services	6,437,136	4,554,796	1,882,340	41.3%
Educational Fees	6,360,490	6,145,658	214,832	3.5%
Sales of Products	2,969,485	2,538,713	430,772	17.0%
Welfare Service Fees	1,091,995	1,008,783	83,212	8.2%
Alcoholic Beverages Tax, Net	762,525	716,447	46,078	6.4%
Other Excise Taxes, Net	391,759	243,381	148,378	61.0%
Estate and Inheritance Taxes	758	-	758	N/A
Tobacco Products Tax, Net	390	438	(48)	-10.9%
TOTAL PROGRAM REVENUES	2,304,247,192	2,711,448,321	(407,201,129)	-15.0%
Requalification of Western State Colorado University as a TABOR Enterprise	-	24,171,043	(24,171,043)	
Other Agency Revenues from Requalification of Western State Colorado University as a TABOR Enterprise	-	(63,514)	63,514	
TOTAL CASH-FUNDED REVENUE	2,304,247,192	2,735,555,850	(431,308,658)	-15.8%
TOTAL NONEXEMPT REVENUE	$ 13,720,880,726	$ 12,891,656,786	$ 829,223,940	6.4%

STATE OF COLORADO
SCHEDULE OF COMPUTATIONS REQUIRED
UNDER ARTICLE X, SECTION 20
AS OF JUNE 30, 2018

	FISCAL YEAR 2016-17	FISCAL YEAR 2017-18
COMPUTATION OF NONEXEMPT REVENUES		
Total State Expenditures	$ 44,583,527,282	$ 48,097,074,059
Less Exempt Enterprises Expenses:		
Higher Education Enterprises	10,618,379,415	11,568,285,214
Colorado Healthcare Affordability and Sustainability Enterprise	-	3,310,867,117
CollegeInvest	704,500,649	777,595,435
State Lottery	563,096,231	622,320,424
College Assist	600,754,217	540,409,415
Unemployment Compensation Section	519,152,945	444,422,991
Parks and Wildlife	281,272,127	315,167,828
Correctional Industries	75,979,315	92,974,194
State Nursing Homes	84,907,496	90,791,740
Petroleum Storage Tank Fund	40,310,963	37,621,298
Statewide Transportation Enterprise	23,502,067	21,890,869
Statewide Bridge Enterprise	21,910,988	20,201,311
Brand Board	8,192,797	8,726,704
Clean Screen Authority	4,562,319	3,314,143
Capitol Parking Authority	966,673	851,756
Electronic Recording Technology Fund	14,198	97,759
Subtotal Enterprise Expenses	13,547,502,400	17,855,538,198
Total District Expenditures	31,036,024,882	30,241,535,861
Less Exempt District Revenues:		
Interfund Transfers	7,132,670,428	8,030,077,723
Federal Funds	8,690,444,369	7,047,690,375
Voter Approved Revenue Changes (Note 8)	876,407,717	1,023,117,034
Other Sources and Additions (Note 7)	806,703,290	847,158,445
Damage Awards	107,962,725	197,267,370
Gifts	67,512,420	165,341,268
Property Sales	122,106,087	117,685,925
Exempt Investment Income	(19,219,410)	(39,672,595)
Subtotal Exempt District Revenues	17,784,587,626	17,388,665,545
Nonexempt District Expenditures	13,251,437,256	12,852,870,316
District Reserve/Fund Balance Increase (Decrease)	76,373,948	849,500,024
Excess TABOR Revenues	(436,154,418)	18,510,386
Total Nonexempt District Revenues	12,891,656,786	13,720,880,726
COMPUTATION OF DISTRICT FUND BALANCE CHANGES		
Beginning District Fund Balance	$ 6,674,746,577	$ 6,193,393,968
Prior Period District Fund Balance Adjustments (Note 11)	(5,198,714)	(18,734,901)
(Qualification)/Disqualification of Enterprises (Note 14)	(116,373,425)	(39,703,097)
District Reserve/Fund Balance Increase (Decrease)	76,373,948	849,500,024
Retention of Revenues in Excess of the Limit C.R.S. 24-77-103.6(1)(a)	(436,154,418)	18,510,386
Ending District Fund Balance	$ 6,193,393,968	$ 7,002,966,380

FISCAL YEAR 2017-18 COMPUTATION OF SPENDING LIMITATIONS	FISCAL YEAR SPENDING	EXCESS STATE REVENUES CAP
FY 2016-17 Limit	$ 10,761,666,608	$ 13,327,811,204
Other Agency Revenues From Qualification of Enterprises (Note 14)	63,514	63,514
Qualification of Enterprises (Note 14)	(24,171,043)	(24,171,043)
FY 2016-17 Adjusted Limit	$ 10,737,559,079	$ 13,303,703,675
Allowable TABOR Growth Rate (Note 12)	4.5%	4.5%
FY 2017-18 Unadjusted Limit	$ 11,220,749,237	$ 13,902,370,340
C.R.S. 24-77-103.6(6)(b)(I)(C)	-	(200,000,000)
FY 2017-18 Adjusted Limit	11,220,749,237	13,702,370,340
Less Fiscal Year 2017-18 Nonexempt District Revenues	(13,720,880,726)	(13,720,880,726)
Amount (Over)Under Adjusted Limit FY 2017-18	$ (2,500,131,489)	$ (18,510,386)

FY 2014-15 Remaining Amount in Excess of the Limit to be refunded in the next refund year	$ 21,326,788
Amount to be Refunded for Fiscal Year 2017-18	$ 39,837,174
FY 2017-18 Retention of Revenues in Excess of the Limit (not refundable) C.R.S. 24-77-103.6(1)(b)	$ 2,481,621,103

NOTES TO THE TABOR SCHEDULE OF REQUIRED COMPUTATIONS

NOTE 1. PURPOSE OF THE SCHEDULE OF REQUIRED COMPUTATIONS

The purpose of the Schedule of Required Computations is to determine and document compliance with Title 24 Article 77 of the Colorado Revised Statutes, which is the implementing statute for Article X Section 20 of the State Constitution (TABOR). The report is required to include at a minimum State fiscal year spending, reserves, revenues, and debt. The schedule also includes a calculation of the limit on fiscal year spending, a calculation of the excess State revenues cap under Referendum C (See Note 9), and the amount required to be refunded or the amount of excess revenue retained by law, as well as all related adjustments.

TABOR has many provisions including a requirement for a vote of the people for new taxes or tax rate increases and a limit on the amount of fiscal year spending. Fiscal year spending is defined as District expenditures and reserve increases except those expended from exempt sources, such as gifts, federal funds, damage awards, property sales, reserves, and other items. This definition, while focused on spending is essentially a limitation on revenue retention because reserve increases are unspent revenues. Therefore, the terms fiscal year spending and nonexempt revenue are used interchangeably throughout these notes.

The limit on revenue retention is based on an allowable growth percentage (See Note 12) applied to the lesser of the prior year's revenues or the prior year's limit. Revenues in excess of the limit are required to be refunded to taxpayers unless voters approve retention of the excess. In the 2005 general election, voters approved Referendum C, which allowed the State to retain revenues in excess of the limit for a five-year period. Beginning in Fiscal Year 2010-11, under Referendum C provisions, revenues are refunded only when they exceed the excess State revenues cap (See Note 9).

NOTE 2. BASIS OF ACCOUNTING

Pursuant to Article 77 of Title 24, Colorado Revised Statutes, this report is prepared in accordance with generally accepted accounting principles (GAAP) for governmental entities except where an irreconcilable difference exists between GAAP, and State statute or the provisions of Article X Section 20 of the State Constitution (TABOR). The accounting principles used by the State are more fully described in Note 1 to the Financial Statements.

NOTE 3. DEFINITION OF THE DISTRICT

TABOR defines the District as "the State or any local government, excluding enterprises." It further defines an enterprise as "a government-owned business authorized to issue its own revenue bonds and receiving under 10 percent of annual revenue in grants from all Colorado state and local governments combined."

The General Assembly, for the purpose of implementing TABOR, stated in C.R.S. 24-77-102(16)

(a) that "State" means the central civil government of the State of Colorado, which consists of the following:

(I) the legislative, executive, and judicial branches of government established by Article III of the State Constitution;

(II) all organs of the branches of government specified in subparagraph (I) of paragraph (a) of this subsection (16), including the departments of the executive branch; the legislative houses and agencies; and the appellate and trial courts and court personnel; and

(III) State institutions of higher education.

(b) "State" does not include:

(I) any enterprise [including an institution or group of institutions of higher education that has been designated as an enterprise];

(II) any special purpose authority;

(III) any organization declared to be a joint governmental entity.

The General Assembly has designated the following as enterprises excluded from the District:

- State Lottery,
- College Assist,
- CollegeInvest,
- Division of Parks and Wildlife,
- State Nursing Homes,
- Division of Correctional Industries,
- Petroleum Storage Tank Fund,
- State Fair Authority,
- Division of Brand Inspection,
- Clean Screen Authority,
- Capitol Parking Authority,
- Statewide Transportation Enterprise,
- Statewide Bridge Enterprise,
- Unemployment Insurance Enterprise,
- Electronic Recording Technology Fund,
- Colorado Healthcare Affordability and Sustainability Enterprise.

It further established a statutory mechanism that allows the governing boards of institutions of higher education to designate certain auxiliary operations as enterprises, which are also exempt from TABOR. Senate Bill 189 enacted in the 2004 legislative session expanded the authority for each governing board of State institutions of higher education to designate the entire institution as a TABOR exempt enterprise. The Board of Regents of the University of Colorado designated the entire University of Colorado as an enterprise during Fiscal Year 2004-05, and the remaining boards designated their institutions as enterprises in Fiscal Year 2005-06. The Auraria Higher Education Center Board of Directors did not designate all of its activities as a TABOR enterprise, but it continues to have selected activities designated as a TABOR enterprise.

Although the General Assembly and governing boards have designated certain enterprises as exempt from TABOR, those enterprises must continue to meet the criteria of a government-owned business authorized to issue its own revenue bonds and to receive less than 10 percent of its revenue in grants from all Colorado state and local governments combined. The State Fair Authority remained disqualified as an enterprise for Fiscal Year 2017-18.

NOTE 4. DEBT

Certificates of Participation, which are used by the State for long-term lease purchases, are not considered debt of the State for purposes of this report as provided by C.R.S. 24-30-202(5.5).

In interrogatories submitted by the General Assembly regarding House Bill 99-1325, the Colorado Supreme Court ruled that Transportation Revenue Anticipation Notes (TRANS) issued by the Colorado Department of Transportation do not constitute debt of the State as defined in Article XI Section 3 of the State Constitution. However, the Supreme Court ruled that the TRANS are a multiple-fiscal year obligation as defined by Article X Section 20 of the State Constitution, thus requiring an approving election before issuance.

NOTE 5. EMERGENCY RESERVES

TABOR requires the reservation, for declared emergencies, of three percent or more of fiscal year spending, excluding bonded debt service payments. This requirement for Fiscal Year 2017-18 totals $411,626,422. At June 30, 2018 the net assets of the following funds were designated as the reserve, up to the limits set in the Long Appropriations Act:

- Major Medical Fund – $83,000,000. Only $73,436,945 of this fund’s balance was restricted since, at June 30, 2018 its net assets were less than $83,000,000. The assets restricted were net cash of $70,983,582 and investments, excluding unrealized gains, of $2,453,363.
- Wildlife Cash Fund – $34,000,000.
- Perpetual base account of the Severance Tax Fund – $33,000,000.
- Colorado Water Conservation Board Construction Fund – $33,000,000.
- Controlled Maintenance Trust Fund – $68,528,000. Only $61,728,938 of this fund’s net assets were restricted, all of it cash, since at June 30, 2018 its net assets were less than $68,528,000. During the fiscal year, $8,450,000 was transferred from the Controlled Maintenance Trust Fund to the Disaster Emergency Fund, through seven executive orders, to pay for the costs of fighting wildfires and other purposes.
- Unclaimed Property Tourism Promotion Trust Fund - $5,000,000.

The 2017 legislative session Long Appropriations Act designated up to $160,272,000 of State properties as the remainder of the Fiscal Year 2017-18 emergency reserve.

The estimate of the needed reserve was based on the December 2017 revenue estimate prepared by Legislative Council. Because the revenues subject to the TABOR reserve requirement were more than available in the designated funds as detailed above, the amount restricted for the reserve was $11,188,539 less than required by the State Constitution. There is no process by which the General Assembly can adjust the designated reserve after the end of the legislative session when the total TABOR revenues are finally known. In the event of an emergency that exceeds the financial assets in the reserve, the designated Wildlife Cash Fund capital assets and general capital assets would have to be liquidated to meet the constitutional requirement.

NOTE 6. STATUS OF REFUNDING

For fiscal years prior 2017-18, when TABOR refunds were required they were distributed to individual State taxpayers based on various statutory income tax refund mechanisms. The Department of Revenue continues to distribute TABOR refunds for prior fiscal years through the income tax refund process using estimates of the number of taxpayers expected to qualify for the TABOR refund. Because the exact number of qualifying taxpayers cannot be known in advance, the estimates result in over or under distribution of the required refund throughout the four-year period allowed for amended tax returns.

With the enactment of Senate Bill 17-267, the Legislature declared that commencing in Fiscal Year 2017-18, the TABOR refund mechanism is the reimbursement to local government treasuries of property tax revenue lost due to the senior and disabled veteran property tax exemption. According to C.R.S. 39-3-209(2), "The lesser of all reimbursement paid by the state treasurer to each treasurer as required by section 39-3-207(4) for the property tax year that commenced during the state fiscal year or an amount of such reimbursement equal to the amount of excess state revenues for the state fiscal year that are required to be refunded is a refund of such excess state revenues."

Regardless of the refund mechanism, C.R.S. 24-77-103.8 requires that under-distributions of refunds be carried forward to subsequent years and added to the required refund in a future year when revenue is over the spending limit. Over-distributions of refunds, pursuant to C.R.S. 24-77-103.7, are also carried forward to subsequent years and are used to offset any future refund liability. The amount of the over/under carry forward is to be applied in the year following the year in which the refund is required to be made, which results in a two-year lag between the recording of the excess revenue and the adjustment for over or under refunds of those excess revenues.

At the beginning of Fiscal Year 2017-18 the State had an outstanding TABOR refund liability of $21,807,393. During the year $480,605 was refunded to taxpayers from the Fiscal Year 2014-15 liability, when revenue last exceeded the spending limit. Before calculation of the amount over/under the excess State revenues cap for Fiscal Year 2017-18, the amount left to refund was thus reduced to $21,326,788. In Fiscal Year 2017-18 nonexempt revenue again exceeded the excess State revenues cap by $18,510,386. The resulting liability at June 30, 2018 was $39,837,174.

NOTE 7. OTHER SOURCES AND ADDITIONS

The $847.2 million reported in this line item primarily comprises: $405.8 million of pension and other employee benefit trust fund investment earnings and additions by the State and participants; $177.6 million of proceeds from the issuance of certificates of participation; $139.1 million of revenue to permanent funds and trusts; $18.1 million of local government expenditures recorded by the State as revenues and expenditures to meet grant matching-funds requirements; and $88.2 million of other miscellaneous revenue.

NOTE 8. VOTER APPROVED REVENUE CHANGES

When State voters approve a revenue change, the resulting revenues are exempt from the TABOR limit on fiscal year spending. The following revenue changes were approved by voters:

- In the 1998 general election, voters approved a citizen-initiated law, C.R.S. 25-8-501.1 – Regulation of Commercial Hog Facilities, which instituted a permit fee. The State collected $59,562 and $59,142 from this exempt source in Fiscal Years 2017-18 and 2016-17, respectively.
- In the 2000 general election, voters approved a citizen-initiated amendment that added Section 14 to Article XVIII of the State Constitution. This amendment allowed the use of marijuana for medical purposes and authorized the Department of Public Health and Environment to charge a fee for the issuance of a permit for such purpose. The State recorded $1,647,470 and $1,425,668 including interest and unrealized gains/losses from this revenue source in Fiscal Years 2017-18 and 2016-17, respectively.
- In the 2000 general election, voters approved a citizen-initiated amendment that added Section 17 to Article IX of the State Constitution. This amendment created the State Education Fund and diverted the revenues from a tax of one-third of one percent on taxable income of individuals, corporations, estates, and trusts from the General Fund to the State Education Fund. It also exempted the revenue from TABOR. The amendment was effective January 1, 2001, and resulted in $617,552,518 and $542,028,380 of tax revenues, interest, and unrealized gains/losses, being excluded from fiscal year spending in Fiscal Years 2017-18 and 2016-17, respectively.
- In the 2004 general election, voters approved a citizen-initiated amendment that added Section 21 to Article X of the State Constitution. The amendment authorized additional cigarette and tobacco taxes (3.2 cents per cigarette and 20 percent of manufacturer's list price for other tobacco products) effective January 1, 2005. The amendment specified the use of the tax revenue generated for specific health related programs, and it exempted the revenue from the TABOR limitations. The State recorded $146,991,846 and $147,216,201 of tax revenues, interest, transfers, and unrealized gains/losses from this exempt source in Fiscal Years 2017-18 and 2016-17, respectively.
- In the 2005 general election, Colorado voters approved Referendum C – a measure referred to the voters by the Legislature. The referendum allowed the State to retain revenues in excess of the TABOR limit for a period of five years, and it stated that the excess revenue retained qualified as a voter approved revenue change. However, in order to determine the amount retained, the Schedule of Required Computations includes the retained amount as nonexempt revenue. Therefore, the retained amount is not reported in this note as a voter approved revenue change (See Note 9).
- In the 2008 general election, voters approved an amendment required to implement locally approved changes to the parameters for Limited Gaming under Section 9(7) of Article XVIII of the Colorado Constitution. This amendment allowed the residents of Central City, Black Hawk, and Cripple Creek to vote to extend casino hours, approve additional games and increase the maximum single bet limit. It required distribution of most of the gaming tax revenue that resulted from the new gaming limits to Colorado community colleges and to gaming cities and counties, and it exempted the new revenue from state and local revenue and spending limits. The State collected $20,232,009 and $15,419,142 of extended limited gaming revenue in Fiscal Years 2017-18 and 2016-17, respectively.
- In the 2013 general election, Colorado voters approved Proposition AA, a measure referred to the voters by the Legislature. The proposition authorized a 15 percent state excise tax on the average

wholesale price of retail marijuana, and, in addition to the existing 2.9 percent state sales tax, an additional 10 percent state sales tax on retail marijuana and retail marijuana products, effective January 1, 2014. The amendment specified the use of the excise tax revenue generated for public school construction (for the first $40.0 million collected) with any additional excise revenue generated to be used for marijuana regulation.

With the enactment of Senate Bill 267 in the 2017 legislative session, the retail marijuana sales tax rate increased from 10 percent to 15 percent and exempted the 2.9 percent sales tax. The State's share of the retail tax increased from 85 percent to 90 percent. These changes took effect on July 1, 2017. The 15 percent excise tax on the wholesale price of retail marijuana still applies.

The State recorded $68,435,222 of state excise tax and $168,198,408 of retail marijuana state sales tax revenues from these exempt sources in Fiscal Year 2017-18. In the prior fiscal year, the State recorded $71,915,551 and $98,343,634, respectively, from these two sources.

NOTE 9. REFERENDUM C

Referendum C was placed on the ballot by the General Assembly and was approved by voters in the November 2005 election. It contained the following provisions:

- The State was authorized to retain and spend all revenues in excess of the limit on fiscal year spending after July 1, 2005, and before July 1, 2010 (five fiscal years). The authorization constituted a voter approved revenue change.
- After July 1, 2010, the State is allowed to retain revenues in excess of the limit on fiscal year spending up to a newly defined excess State revenues cap (ESRC). The excess State revenues cap is the highest population and inflation-adjusted nonexempt revenue amount in the period from July 1, 2005, to June 30, 2010, also adjusted for qualification and disqualification of enterprises. This provision effectively disabled the ratchet down provision of TABOR during the five-year period. (The term "ratchet down" is used to describe the TABOR provision that requires each year's base for calculating the limit to be the lesser of the prior year's revenues or the prior year's limit.)
- In the 2017 legislative session, enactment of Senate Bill 17-267 lowered the ESRC base by $200 million. This one-time change took effect in Fiscal Year 2017-18 and permanently modifies future year calculations of the amount over or under the ESRC. The revised ESRC in Fiscal Year 2017-18 sets a new base which will continue to increase (or decrease) in future years by the combined percentage change in population and inflation.
- A General Fund Exempt Account was created within the General Fund to consist of the retained revenues for each fiscal year of the retention period. The Legislature appropriates money in the account for health care, education (including related capital projects), firefighter and police pension funding (for local governments), and strategic transportation projects.
- The Director of Research of the Legislative Council is required to report the amount of revenues retained with a description of how the retained revenues were expended.
- The State Controller's annual report demonstrating compliance with the statutes implementing TABOR is required to include the amount of revenues that the State is authorized to retain and expend.

With the end of the Referendum C five-year excess revenue retention period, the State was subject to an ESRC starting in Fiscal Year 2010-11. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds.

Since the inception of Referendum C in Fiscal Year 2005-06 the State has retained $19,215,296,983 -- $3,593,602,662 during the initial five-year revenue retention period, and an additional $15,621,694,321 due to the ESRC exceeding the Fiscal Year Spending limit in Fiscal Years 2010-11 through 2017-18.

NOTE 10. DISTRICT RESERVES

District reserves are the cumulative fund balances of the State reported in the State's Comprehensive Annual Financial Report at the fund level rather than the government-wide level. District reserves therefore exclude capital assets, liabilities that are not recorded in governmental funds at the fund level (primarily long-term liabilities), as well as net assets of the TABOR enterprises. The majority of these funds include balances not available for general appropriation due to legal and contractual restrictions.

NOTE 11. PRIOR PERIOD DISTRICT FUND BALANCE ADJUSTMENTS AND ACCOUNTING CHANGES

Prior period District fund balance adjustments decreased the TABOR District fund balance in total by $18,734,901.

PRIOR PERIOD ADJUSTMENTS –

- The Department of Corrections decreased the district's net assets by $1,200,967 to adjust for misstatements of net position in capital construction funds in the prior fiscal year.
- The Governor's Office of Information Technology decreased the district's net assets by $500,000 for project expenditures that should have been recorded in Fiscal Year 2016-17.
- The Department of Natural Resources increased the district's net assets by $220,429 to correct for a misstatement of net position in the Division of Parks and Wildlife.

ACCOUNTING CHANGES –

- The Office of the State Controller decreased the district's net assets by $15,272,060, for certain State entities, due to implementation of GASB Statement No. 75.
- The Office of the State Controller also decreased the district's net assets by $19,100 to adjust pass-through State grants in the Department of Health Care Policy and Financing.
- The Auraria Higher Education Center decreased the district's net assets by $1,963,203 to adjust the allocation of Fiscal Year 2017-18 pension costs.

NOTE 12. SOURCES OF TABOR GROWTH LIMIT

The allowable percentage increase in State fiscal year spending equals the sum of inflation and the percentage change in State population in the calendar year ending six months prior to the start of the fiscal year. Inflation is defined in C.R.S. 24-77-102(8) as "the percentage change in the consumer price index for the Denver-Boulder Consolidated Metropolitan Statistical Area For All Urban Consumers, All Goods, as published by the U.S. Department of Labor, Bureau of Labor Statistics, or its successor index." The Bureau of Labor Statistics' successor index beginning with the Fiscal Year 2017-18 Schedule of Computations is the index for the Denver-Aurora-Lakewood area.

The 4.5 percent allowable growth rate comprises a 1.7 percent increase for population growth (census date population for 2016 compared to census date population for 2015) and a 2.8 percent increase for inflation.

NOTE 13. SPENDING LIMIT ADJUSTMENTS FOR PRIOR YEAR ERRORS

With the addition of the excess State revenues cap, spending limit adjustments only impact the calculation of the Fiscal Year Spending Limit. In Fiscal Year 2017-18 there were no prior year revenue recognition errors, therefore there were no adjustments to the Fiscal Year 2016-17 Fiscal Year Spending Limit.

NOTE 14. ENTERPRISE QUALIFICATION AND DISQUALIFICATION

The TABOR amendment to the State Constitution specifies that qualification and disqualification of enterprises shall change the District base. In order to ensure comparability between the base and current year nonexempt revenue, when an activity qualifies as an enterprise the base is reduced by the activity's prior year nonexempt revenue offset by revenue that would have been counted as nonexempt due to the activity's interaction with other State agencies. When a TABOR enterprise becomes disqualified, its current year nonexempt revenue is added to the base after application of the population and inflation growth adjustment and its prior year payments to other State agencies are removed from the base (before application of the allowable growth rate).

In Fiscal Year 2017-18, Western State Colorado University re-qualified as a TABOR enterprise upon receiving less than ten percent of its revenues directly from the State and local governments. (See Note 3.) In the prior fiscal year, Western State Colorado University had been nonexempt from TABOR spending limits.

To neutralize the effect of the change in enterprise status in computing both the Fiscal Year 2017-18 spending limit and the excess State revenues cap, $24,171,043 was deducted from the Fiscal Year 2016-17 spending limit and the excess State revenues cap before application of the current year 4.5% allowable growth rate. This amount was Western State Colorado University's nonexempt District revenue from Fiscal Year 2016-17.

The fiscal year spending limit and the excess State revenues cap were also adjusted by adding $63,514 before application of the 4.5% growth rate. This is the amount that Western State Colorado University paid to non-TABOR enterprises in Fiscal Year 2016-17 that would have crossed the District boundary had it been a TABOR enterprise in the prior year.

The Qualification/Disqualification of Enterprises line in the Computation of District Fund Balance Changes section shows a decrease in fund balance of $39,703,097 – an adjustment to the prior year District fund balance for the re-qualification of Western State Colorado University as a TABOR enterprise. The adjustment is necessary because the funds of TABOR enterprises are not included in the TABOR District. (See Note 3.)

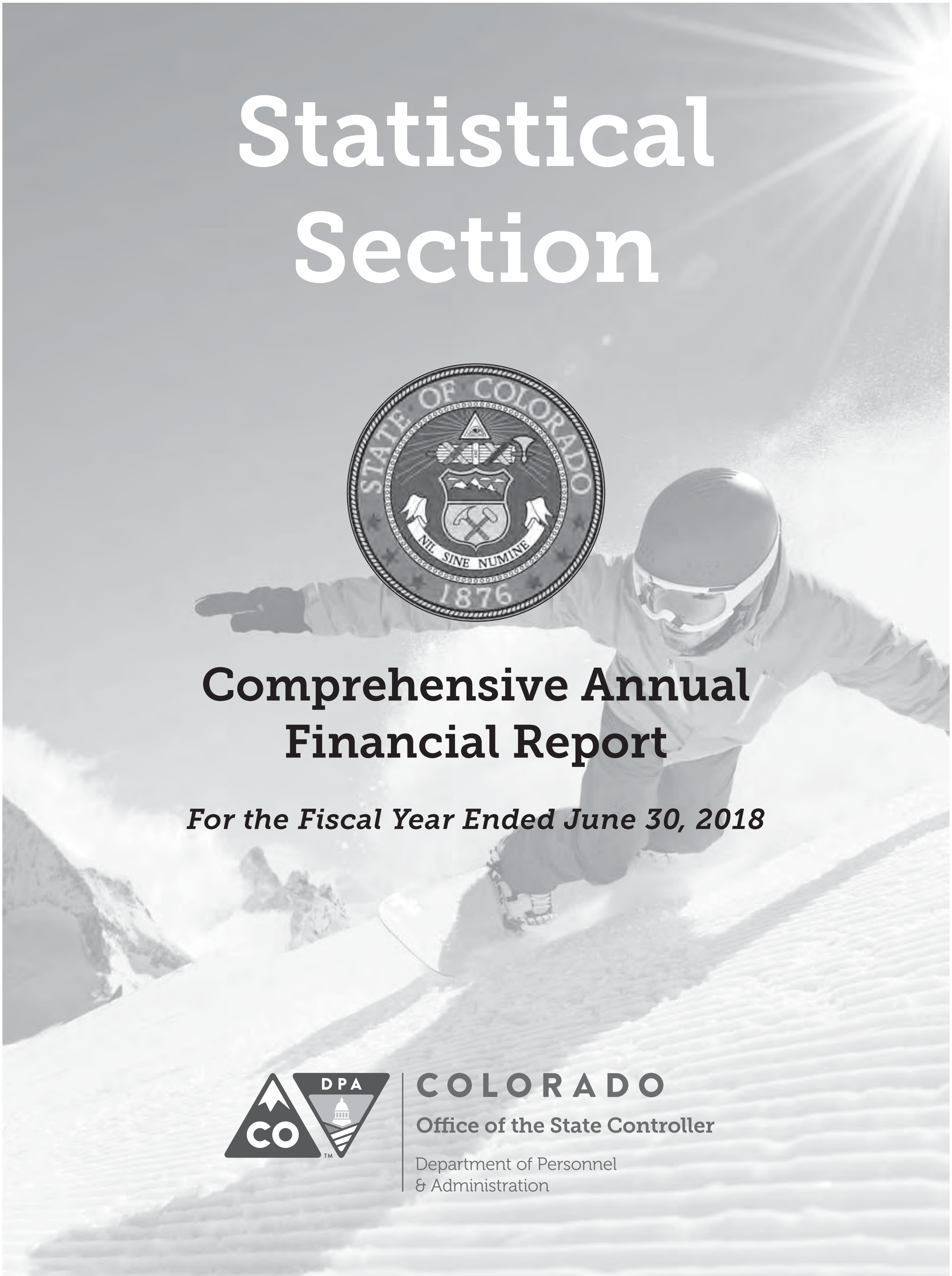
NOTE 15. TREATMENT OF AMOUNTS HELD FOR FUTURE REFUND

C.R.S. 24-77-103.5 requires that errors in the amount to be refunded be corrected in the year they are discovered. In Fiscal Year 2017-18 there were no errors affecting the amount of the Fiscal Year 2014-15 refund.

Fiscal Year 2014-15 excess revenue refundable to taxpayers at June 30, 2017 was $21,807,393. During Fiscal Year 2017-18, $480,605 was reimbursed to taxpayers. With Fiscal Year 2017-18 nonexempt revenues exceeding the excess State revenues cap by $18,510,386, the refund payable at June 30, 2018 was $39,837,174. (See Note 6.)

NOTE 16. FUTURE REFUNDS

In the 2017 legislative session, Senate Bill 267 established the Senior and Disabled Veterans Property Tax exemption as the TABOR refund mechanism, beginning in Fiscal Year 2017-18. The lesser of the State's reimbursement to local governments for the loss in property tax revenue due to the exemption, or the amount of the State's nonexempt revenue exceeding the Excess State Revenues Cap to be reimbursed, is the TABOR refund. Section 27 of the Act (amending C.R.S. 39-22-627) calls for the temporary adjustment of the state income tax rate from 4.63 percent to 4.5 percent, for any year in which the amount of excess nonexempt revenue to be reimbursed is greater than the senior and veterans property tax exemption payable to local government treasuries, plus the estimated decrease by which nonexempt revenue would be reduced by the reduction in the state income tax rate.



Statistical Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2018

COLORADO
Office of the State Controller
Department of Personnel
& Administration

STATISTICAL SECTION

This section of the State of Colorado's Comprehensive Annual Financial Report presents detailed current and historical information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

FINANCIAL TRENDS	These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time at both the entity wide and fund-level perspectives.
REVENUE CAPACITY	These schedules contain information to help the reader assess the factors affecting the State's ability to generate and retain major revenue streams including income and sales taxes.
DEBT CAPACITY	These schedules present information to help the reader assess the sustainability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.
DEMOGRAPHIC AND ECONOMIC INFORMATION	These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.
OPERATING INFORMATION	These schedules contain information about the State's operations and resources to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

GOVERNMENT-WIDE
SCHEDULE OF NET POSITION
GOVERNMENTAL ACTIVITIES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	2015-16	2014-15
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 3,107,217	$ 2,567,219	$ 2,703,416	$ 2,696,950
Investments	-	-	-	-
Taxes Receivable, net	1,476,297	1,325,689	1,251,185	1,252,907
Other Receivables, net	654,761	717,660	572,655	450,805
Due From Other Governments	754,910	524,240	440,053	787,269
Internal Balances	38,459	26,262	28,967	28,022
Due From Component Units	18	154	347	135
Inventories	52,102	54,152	53,261	54,194
Prepaids, Advances and Deposits	84,277	72,047	67,468	67,917
Total Current Assets	6,168,041	5,287,423	5,117,352	5,338,199
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,589,926	1,493,996	1,923,920	2,140,729
Restricted Investments	847,587	867,572	732,662	761,140
Restricted Receivables	633,173	587,580	510,028	363,300
Investments	449,308	255,069	219,369	280,100
Other Long-Term Assets	613,249	614,932	675,809	636,260
Depreciable Capital Assets and Infrastructure, net	10,242,384	9,994,890	9,976,023	9,772,651
Land and Nondepreciable Capital Assets	1,914,285	2,041,812	1,851,910	1,968,227
Capital Assets Held as Investments	42,896	42,899	33,055	-
Total Noncurrent Assets	16,332,808	15,898,750	15,922,776	15,922,407
TOTAL ASSETS	22,500,849	21,186,173	21,040,128	21,260,606
DEFERRED OUTFLOW OF RESOURCES:	2,563,034	3,503,643	818,761	350,796
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	918,688	886,992	856,076	669,992
Accounts Payable and Accrued Liabilities	1,369,262	1,165,137	1,166,681	1,367,263
TABOR Refund Liability (Note 2B)	39,837	21,807	31,358	173,346
Due To Other Governments	306,883	395,627	232,724	233,087
Due To Component Units	-	-	-	-
Unearned Revenue	185,677	126,307	123,769	100,467
Accrued Compensated Absences	12,758	11,865	11,522	12,185
Claims and Judgments Payable	42,812	46,369	46,343	47,682
Leases Payable	25,789	28,254	28,261	27,760
Notes, Bonds, and COPs Payable	55,515	46,990	171,835	200,975
Other Postemployment Benefits	-	-	-	-
Other Current Liabilities	22,837	27,678	29,525	19,052
Total Current Liabilities	2,980,058	2,757,026	2,698,094	2,851,809
Noncurrent Liabilities:				
Deposits Held In Custody For Others	136	116	90	139
Accrued Compensated Absences	162,645	158,435	154,510	149,817
Claims and Judgments Payable	180,865	260,535	276,010	299,785
Capital Lease Payable	106,084	113,899	122,404	144,569
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	-	-	-	-
Notes, Bonds, and COPs Payable	1,379,778	1,266,507	1,174,467	1,331,892
Due to Component Units	-	-	-	-
Net Pension Liability	11,933,852	10,919,603	6,295,004	5,565,526
Other Postemployment Benefits	272,038	-	-	-
Other Long-Term Liabilities	457,567	407,912	415,669	423,809
Total Noncurrent Liabilities	14,492,965	13,127,007	8,438,154	7,915,537
TOTAL LIABILITIES	17,473,023	15,884,033	11,136,248	10,767,346
DEFERRED INFLOW OF RESOURCES:	560,903	98,746	133,375	47,262
Net investment in Capital Assets:	10,879,491	14,071,021	11,330,474	10,654,690
Restricted for:				
Construction and Highway Maintenance	885,775	915,033	966,743	936,535
Education	295,468	107,012	309,957	766,688
Unemployment Insurance	-	-	-	-
Debt Service	91,950	79,966	68,105	56,534
Emergencies	201,166	194,369	217,328	217,328
Permanent Funds and Endowments:				
Expendable	8,267	7,643	5,801	7,301
Nonexpendable	1,087,000	1,020,225	950,976	896,872
Other Purposes	831,995	671,306	717,185	626,649
Unrestricted	(7,251,155)	(8,359,538)	(3,977,303)	(3,365,803)
TOTAL NET POSITION	$ 7,029,957	$ 8,707,037	$ 10,589,266	$ 10,796,794

GOVERNMENTAL ACTIVITIES					
2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 2,302,356	$ 2,549,620	$ 1,969,331	$ 1,548,435	$ 1,962,934	$ 2,217,711
8,460	3,497	1,726	45,548	15,224	1,498
1,224,629	1,118,329	1,012,147	830,730	857,246	920,086
210,062	189,937	156,126	147,768	158,060	182,540
570,721	369,249	318,460	486,655	516,248	475,997
19,336	23,801	15,964	18,620	14,153	14,617
54	119	137	62	84	66
53,125	55,319	17,057	19,837	16,468	16,183
73,025	57,465	53,961	56,543	38,591	33,244
4,461,768	4,367,336	3,544,909	3,154,198	3,579,008	3,861,942
2,554,938	1,798,432	1,779,413	1,635,476	1,572,925	1,813,365
657,772	598,209	591,083	1,097,797	687,314	694,311
258,107	176,055	181,932	173,347	195,753	184,120
428,321	464,535	416,674	52,343	529,059	98,815
686,349	740,735	712,736	761,498	644,867	600,020
9,600,423	9,312,959	9,602,516	9,331,295	9,689,916	2,360,036
1,931,832	2,170,769	1,903,604	1,780,945	1,637,224	10,480,438
-	-	-	-	-	-
16,117,742	15,261,694	15,187,958	14,832,701	14,957,058	16,231,105
20,579,510	19,629,030	18,732,867	17,986,899	18,536,066	20,093,047
18,289	-	-	-	-	-
718,211	718,077	661,829	625,145	664,781	633,722
1,043,961	742,225	677,471	785,496	847,550	779,008
706	706	706	706	706	706
245,300	198,953	228,229	216,956	181,684	223,415
15	81	-	-	-	-
92,674	95,026	125,174	111,506	128,404	150,632
10,470	10,955	9,859	9,741	10,287	8,930
61,623	46,873	44,858	44,641	44,181	36,936
26,941	20,004	14,387	12,872	11,384	8,227
187,910	174,340	162,670	145,165	642,445	637,066
-	-	-	-	-	-
19,979	14,834	16,531	13,748	20,432	9,818
2,407,790	2,022,074	1,941,714	1,965,976	2,551,854	2,488,460
139	17	16	14	13	16
145,992	138,413	132,394	137,139	138,224	140,675
301,591	323,451	330,516	340,003	347,394	358,371
148,055	131,006	107,042	94,716	85,746	83,586
-	-	-	-	-	-
-	-	-	-	-	-
1,541,225	1,611,220	1,614,293	1,621,749	1,554,964	1,146,960
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
402,954	444,118	427,828	434,194	402,599	397,774
2,539,956	2,648,225	2,612,089	2,627,815	2,528,940	2,127,382
4,947,746	4,670,299	4,553,803	4,593,791	5,080,794	4,615,842
338	-	-	-	-	-
10,125,644	10,107,082	10,107,432	9,836,378	10,118,621	11,631,061
1,080,201	1,145,997	1,176,269	1,160,789	1,198,849	1,220,524
1,110,180	1,265,476	280,269	485,171	194,586	338,365
-	-	-	-	-	-
44,752	33,113	21,453	10,127	4,093	558
153,150	161,350	72,850	85,400	94,000	93,550
7,271	6,328	6,024	8,017	11,130	8,588
800,132	694,564	684,953	641,802	643,148	623,619
358,694	349,811	340,818	315,082	138,826	197,918
1,969,691	1,195,010	1,488,996	850,342	1,052,019	1,363,022
$ 15,649,715	$ 14,958,731	$ 14,179,064	$ 13,393,108	$ 13,455,272	$ 15,477,205

GOVERNMENT-WIDE
SCHEDULE OF NET POSITION
BUSINESS-TYPE ACTIVITIES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	2015-16	2014-15
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 3,093,539	$ 2,846,015	$ 2,525,453	$ 2,454,684
Investments	1,827,559	549,079	392,188	378,115
Taxes Receivable, net	111,099	125,258	123,638	142,241
Other Receivables, net	601,666	490,427	640,664	430,306
Due From Other Governments	145,051	136,231	94,860	134,455
Internal Balances	(38,459)	(26,262)	(28,967)	(28,022)
Due From Component Units	16,174	23,041	18,188	11,370
Inventories	54,944	59,196	54,748	57,950
Prepaids, Advances and Deposits	29,020	31,679	28,756	28,186
Total Current Assets	5,840,593	4,234,664	3,849,528	3,609,285
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	284,025	241,268	457,926	499,742
Restricted Investments	106,798	95,280	167,540	246,783
Restricted Receivables	35,362	38,605	40,009	31,609
Investments	995,987	2,097,484	1,941,040	1,969,155
Other Long-Term Assets	130,529	129,350	129,425	129,850
Depreciable Capital Assets and Infrastructure, net	8,028,339	7,502,858	7,050,226	6,190,355
Land and Nondepreciable Capital Assets	1,843,135	1,921,788	1,652,441	1,788,595
Capital Assets Held as Investments	-	-	-	-
Total Noncurrent Assets	11,424,175	12,026,633	11,438,607	10,856,089
TOTAL ASSETS	17,264,768	16,261,297	15,288,135	14,465,374
DEFERRED OUTFLOW OF RESOURCES:	1,750,279	2,332,443	649,853	348,635
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	-	-	-	-
Accounts Payable and Accrued Liabilities	592,545	786,944	771,248	751,169
TABOR Refund Liability (Note 2B)	-	-	-	-
Due To Other Governments	64,474	46,765	38,615	22,048
Due To Component Units	44	1,249	645	623
Unearned Revenue	345,734	328,261	306,222	407,108
Accrued Compensated Absences	26,203	25,381	22,761	20,960
Claims and Judgments Payable	-	-	-	-
Leases Payable	6,529	7,292	9,132	8,618
Notes, Bonds, and COPs Payable	154,053	146,604	267,134	251,947
Other Postemployment Benefits	-	-	-	-
Other Current Liabilities	191,660	134,584	139,765	125,054
Total Current Liabilities	1,381,242	1,477,080	1,555,522	1,587,527
Noncurrent Liabilities:				
Deposits Held In Custody For Others	20	20	20	-
Accrued Compensated Absences	339,007	317,070	293,365	268,600
Claims and Judgments Payable	35,505	37,361	39,657	41,460
Capital Lease Payable	41,623	42,599	47,994	45,663
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	6,837	9,251	13,222	9,515
Notes, Bonds, and COPs Payable	4,970,288	4,638,363	4,480,091	4,418,327
Due to Component Units	1,692	1,678	1,631	1,661
Net Pension Liability	7,448,575	6,934,505	3,957,073	3,579,748
Other Postemployment Benefits	938,450	343,570	289,133	241,779
Other Long-Term Liabilities	59,956	15,863	28,569	83,521
Total Noncurrent Liabilities	13,841,953	12,340,280	9,150,755	8,690,274
TOTAL LIABILITIES	15,223,195	13,817,360	10,706,277	10,277,801
DEFERRED INFLOW OF RESOURCES:	620,945	206,047	250,058	38,380
Net investment in Capital Assets:	5,108,898	6,982,288	5,051,345	4,417,947
Restricted for:				
Construction and Highway Maintenance	-	-	-	-
Education	470,363	504,096	462,636	439,535
Unemployment Insurance	1,070,082	911,183	740,049	620,575
Debt Service	219,248	28,429	85,617	75,666
Emergencies	34,000	34,000	34,000	34,000
Permanent Funds and Endowments:				
Expendable	173,406	165,637	157,611	150,270
Nonexpendable	84,480	91,878	83,274	87,679
Other Purposes	65,961	65,961	101,209	88,686
Unrestricted	(4,055,531)	(4,213,139)	(1,734,088)	(1,416,530)
TOTAL NET POSITION	$ 3,170,907	$ 4,570,333	$ 4,981,653	$ 4,497,828

BUSINESS-TYPE ACTIVITIES

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 2,246,115	$ 2,169,314	$ 2,011,437	$ 1,306,800	$ 1,176,181	$ 1,220,190
254,744	281,822	160,099	273,605	253,270	386,948
135,207	137,970	159,303	186,161	90,005	73,326
408,364	381,351	330,216	302,042	282,053	245,768
150,697	155,190	218,667	177,822	158,787	142,961
(19,336)	(23,801)	(15,964)	(18,620)	(14,153)	(14,617)
23,716	18,969	18,715	19,736	14,474	12,630
54,015	52,826	53,318	43,600	42,779	42,467
37,433	24,806	24,160	18,018	19,244	20,091
3,290,955	3,198,447	2,959,951	2,309,164	2,022,640	2,129,764
429,965	352,234	372,457	409,652	353,164	368,308
303,678	292,283	293,711	98,146	239,719	201,025
45,477	45,264	80,975	24,980	239,041	1,916,974
1,896,811	1,746,078	1,769,909	1,623,569	1,206,671	1,154,901
99,380	128,105	114,118	122,939	119,387	123,599
5,876,698	5,463,065	5,250,256	4,662,346	3,912,771	3,594,383
1,370,142	1,229,761	1,019,556	938,544	1,207,048	928,243
-	-	-	-	-	-
10,022,151	9,256,790	8,900,982	7,880,176	7,277,801	8,287,433
13,313,106	12,455,237	11,860,933	10,189,340	9,300,441	10,417,197
118,103	551	5,005	-	7,778	-
-	-	-	-	-	-
659,085	602,571	623,458	556,294	596,926	506,318
-	-	-	-	-	-
30,805	34,169	53,622	331,246	406,275	182,922
528	343	123	524	466	930
346,264	305,108	237,530	234,662	232,371	207,551
18,117	16,609	14,942	14,579	13,035	12,753
-	-	-	-	-	-
6,610	6,575	5,853	4,950	6,672	6,282
244,366	233,811	243,601	79,106	100,329	85,456
14,076	17,052	15,721	-	-	-
127,033	142,868	110,667	141,484	126,232	241,129
1,446,884	1,359,106	1,305,517	1,362,845	1,482,306	1,243,341
-	-	-	-	-	-
250,148	236,329	219,026	205,621	196,295	185,420
40,982	38,993	36,472	35,373	29,461	27,541
35,582	35,153	33,185	43,466	76,702	83,206
-	-	-	-	-	4,285
8,566	8,333	12,994	6,182	7,778	-
4,131,227	3,898,265	3,938,320	3,117,100	2,682,987	3,917,559
1,743	1,755	1,758	2,374	2,501	723
-	-	-	-	-	-
181,511	177,176	139,653	105,876	47,259	31,689
44,768	11,972	39,015	43,814	36,450	43,321
4,694,527	4,407,976	4,420,423	3,559,806	3,079,433	4,293,744
6,141,411	5,767,082	5,725,940	4,922,651	4,561,739	5,537,085
-	-	-	2,006	-	-
3,653,265	3,571,408	3,386,411	2,990,094	2,854,803	2,665,270
-	-	-	-	-	-
642,611	-	-	-	-	-
402,770	218,076	64,433	-	-	392,984
39,862	8,439	7,464	6,753	6,100	111,778
34,000	34,000	10,005	12,368	16,257	21,282
7,901	11,716	6,975	5,936	6,825	6,935
64,712	61,159	38,798	73,956	71,738	70,420
56,296	631,921	629,655	657,292	630,890	582,006
2,388,381	2,151,987	1,996,257	1,518,284	1,159,867	1,029,437
$ 7,289,798	$ 6,688,706	$ 6,139,998	$ 5,264,683	$ 4,746,480	$ 4,880,112

GOVERNMENT-WIDE
SCHEDULE OF NET POSITION
TOTAL PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	2015-16	2014-15
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 6,200,756	$ 5,413,234	$ 5,228,869	$ 5,151,634
Investments	1,827,559	549,079	392,188	378,115
Taxes Receivable, net	1,587,396	1,450,947	1,374,823	1,395,148
Other Receivables, net	1,256,427	1,208,087	1,213,319	881,111
Due From Other Governments	899,961	660,471	534,913	921,724
Internal Balances	-	-	-	-
Due From Component Units	16,192	23,195	18,535	11,505
Inventories	107,046	113,348	108,009	112,144
Prepaids, Advances and Deposits	113,297	103,726	96,224	96,103
Total Current Assets	12,008,634	9,522,087	8,966,880	8,947,484
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,873,951	1,735,264	2,381,846	2,640,471
Restricted Investments	954,385	962,852	900,202	1,007,923
Restricted Receivables	668,535	626,185	550,037	394,909
Investments	1,445,295	2,352,553	2,160,409	2,249,255
Other Long-Term Assets	743,778	744,282	805,234	766,110
Depreciable Capital Assets and Infrastructure, net	18,270,723	17,497,748	17,026,249	15,963,006
Land and Nondepreciable Capital Assets	3,757,420	3,963,600	3,504,351	3,756,822
Capital Assets Held as Investments	42,896	42,899	33,055	-
Total Noncurrent Assets	27,756,983	27,925,383	27,361,383	26,778,496
TOTAL ASSETS	39,765,617	37,447,470	36,328,263	35,725,980
DEFERRED OUTFLOW OF RESOURCES:	4,313,313	5,836,086	1,468,614	699,431
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	918,688	886,992	856,076	669,992
Accounts Payable and Accrued Liabilities	1,961,807	1,952,081	1,937,929	2,118,432
TABOR Refund Liability (Note 2B)	39,837	21,807	31,358	173,346
Due To Other Governments	371,357	442,392	271,339	255,135
Due To Component Units	44	1,249	645	623
Unearned Revenue	531,411	454,568	429,991	507,575
Accrued Compensated Absences	38,961	37,246	34,283	33,145
Claims and Judgments Payable	42,812	46,369	46,343	47,682
Leases Payable	32,318	35,546	37,393	36,378
Notes, Bonds, and COPs Payable	209,568	193,594	438,969	452,922
Other Postemployment Benefits	-	-	-	-
Other Current Liabilities	214,497	162,262	169,290	144,106
Total Current Liabilities	4,361,300	4,234,106	4,253,616	4,439,336
Noncurrent Liabilities:				
Deposits Held In Custody For Others	156	136	110	139
Accrued Compensated Absences	501,652	475,505	447,875	418,417
Claims and Judgments Payable	216,370	297,896	315,667	341,245
Capital Lease Payable	147,707	156,498	170,398	190,232
Capital Lease Payable To Component Units	-	-	-	-
Derivative Instrument Liability	6,837	9,251	13,222	9,515
Notes, Bonds, and COPs Payable	6,350,066	5,904,870	5,654,558	5,750,219
Due to Component Units	1,692	1,678	1,631	1,661
Net Pension Liability	19,382,427	17,854,108	10,252,077	9,145,274
Other Postemployment Benefits	1,210,488	343,570	289,133	241,779
Other Long-Term Liabilities	517,523	423,775	444,238	507,330
Total Noncurrent Liabilities	28,334,918	25,467,287	17,588,909	16,605,811
TOTAL LIABILITIES	32,696,218	29,701,393	21,842,525	21,045,147
DEFERRED INFLOW OF RESOURCES:	1,181,848	304,793	383,433	85,642
Net investment in Capital Assets:	15,988,389	21,053,309	16,381,819	15,072,637
Restricted for:				
Construction and Highway Maintenance	885,775	915,033	966,743	936,535
Education	765,831	611,108	772,593	1,206,223
Unemployment Insurance	1,070,082	911,183	740,049	620,575
Debt Service	311,198	108,395	153,722	132,200
Emergencies	235,166	228,369	251,328	251,328
Permanent Funds and Endowments:				
Expendable	181,673	173,280	163,412	157,571
Nonexpendable	1,171,480	1,112,103	1,034,250	984,551
Other Purposes	897,956	737,267	818,394	715,335
Unrestricted	(11,306,686)	(12,572,677)	(5,711,391)	(4,782,333)
TOTAL NET POSITION	$ 10,200,864	$ 13,277,370	$ 15,570,919	$ 15,294,622

TOTAL PRIMARY GOVERNMENT

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 4,548,471	$ 4,718,934	$ 3,980,768	$ 2,855,235	$ 3,139,115	$ 3,437,901
263,204	285,319	161,825	319,153	268,494	388,446
1,359,836	1,256,299	1,171,450	1,016,891	947,251	993,412
618,426	571,288	486,342	449,810	440,113	428,308
721,418	524,439	537,127	664,477	675,035	618,958
-	-	-	-	-	-
23,770	19,088	18,852	19,798	14,558	12,696
107,140	108,145	70,375	63,437	59,247	58,650
110,458	82,271	78,121	74,561	57,835	53,335
7,752,723	7,565,783	6,504,860	5,463,362	5,601,648	5,991,706
2,984,903	2,150,666	2,151,870	2,045,128	1,926,089	2,181,673
961,450	890,492	884,794	1,195,943	927,033	895,336
303,584	221,319	262,907	198,327	434,794	2,101,094
2,325,132	2,210,613	2,186,583	1,675,912	1,735,730	1,253,716
785,729	868,840	826,854	884,437	764,254	723,619
15,477,121	14,776,024	14,852,772	13,993,641	13,602,687	5,954,419
3,301,974	3,400,530	2,923,160	2,719,489	2,844,272	11,408,681
-	-	-	-	-	-
26,139,893	24,518,484	24,088,940	22,712,877	22,234,859	24,518,538
33,892,616	32,084,267	30,593,800	28,176,239	27,836,507	30,510,244
136,392	551	5,005	-	7,778	-
718,211	718,077	661,829	625,145	664,781	633,722
1,703,046	1,344,796	1,300,929	1,341,790	1,444,476	1,285,326
706	706	706	706	706	706
276,105	233,122	281,851	548,202	587,959	406,337
543	424	123	524	466	930
438,938	400,134	362,704	346,168	360,775	358,183
28,587	27,564	24,801	24,320	23,322	21,683
61,623	46,873	44,858	44,641	44,181	36,936
33,551	26,579	20,240	17,822	18,056	14,509
432,276	408,151	406,271	224,271	742,774	722,522
14,076	17,052	15,721	-	-	-
147,012	157,702	127,198	155,232	146,664	250,947
3,854,674	3,381,180	3,247,231	3,328,821	4,034,160	3,731,801
139	17	16	14	13	16
396,140	374,742	351,420	342,760	334,519	326,095
342,573	362,444	366,988	375,376	376,855	385,912
183,637	166,159	140,227	138,182	162,448	166,792
-	-	-	-	-	4,285
8,566	8,333	12,994	6,182	7,778	-
5,672,452	5,509,485	5,552,613	4,738,849	4,237,951	5,064,519
1,743	1,755	1,758	2,374	2,501	723
-	-	-	-	-	-
181,511	177,176	139,653	105,876	47,259	31,689
447,722	456,090	466,843	478,008	439,049	441,095
7,234,483	7,056,201	7,032,512	6,187,621	5,608,373	6,421,126
11,089,157	10,437,381	10,279,743	9,516,442	9,642,533	10,152,927
338	-	-	2,006	-	-
13,778,909	13,678,490	13,493,843	12,826,472	12,973,424	14,296,331
1,080,201	1,145,997	1,176,269	1,160,789	1,198,849	1,220,524
1,752,791	1,265,476	280,269	485,171	194,586	338,365
402,770	218,076	64,433	-	-	392,984
84,614	41,552	28,917	16,880	10,193	112,336
187,150	195,350	82,855	97,768	110,257	114,832
15,172	18,044	12,999	13,953	17,955	15,523
864,844	755,723	723,751	715,758	714,886	694,039
414,990	981,732	970,473	972,374	769,716	779,924
4,358,072	3,346,997	3,485,253	2,368,626	2,211,886	2,392,459
$ 22,939,513	$ 21,647,437	$ 20,319,062	$ 18,657,791	$ 18,201,752	$ 20,357,317

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2017-18	2016-17	2015-16	2014-15
PROGRAM REVENUES:				
Charges for Services:				
Licenses and Permits	$ 564,076	$ 541,936	$ 518,820	$ 501,319
Service Fees	358,109	1,006,976	1,139,226	879,139
Education - Tuition, Fees, and Sales	-	-	-	-
Fines and Forfeits	190,733	206,662	195,256	201,021
Rents and Royalties	147,310	132,310	142,752	199,067
Sales of Products	3,218	3,205	3,303	3,390
Unemployment Surcharge	34,245	32,507	30,768	29,381
Other	152,285	138,928	143,251	131,151
Operating Grants and Contributions	6,627,757	8,149,334	8,578,146	7,726,668
Capital Grants and Contributions	745,497	814,739	819,321	817,469
TOTAL PROGRAM REVENUES	8,823,230	11,026,597	11,570,843	10,488,605
EXPENSES:				
General Government	739,872	653,247	485,611	449,261
Business, Community, and Consumer Affairs	912,495	919,676	777,458	711,558
Education	6,086,573	6,045,204	5,859,964	5,687,573
Health and Rehabilitation	1,258,445	1,170,889	2,898,841	822,556
Justice	3,254,155	2,974,666	2,209,158	2,075,534
Natural Resources	219,659	169,528	135,491	120,374
Social Assistance	8,810,715	10,489,419	8,825,599	9,627,104
Transportation	2,179,299	2,105,462	1,830,368	1,896,904
Total Governmental Activities				
Interest on Debt	60,778	58,764	62,021	59,078
TOTAL EXPENSES	23,521,991	24,586,855	23,084,511	21,449,942
NET (EXPENSE) REVENUE	(14,698,761)	(13,560,258)	(11,513,668)	(10,961,337)
GENERAL REVENUES AND				
OTHER CHANGES IN NET POSITION:				
Sales and Use Taxes	3,449,844	3,151,679	2,940,839	2,762,222
Excise Taxes	311,625	321,419	290,276	267,858
Individual Income Tax	6,978,833	6,291,376	6,061,679	5,847,141
Corporate Income Tax	714,313	432,802	643,761	613,316
Other Taxes	577,961	452,042	410,277	673,275
Restricted Taxes	1,273,482	1,169,457	1,132,687	1,186,515
Unrestricted Investment Earnings (Losses)	21,798	16,987	15,705	11,992
Other General Revenues	199,934	103,476	107,005	96,613
Special and/or Extraordinary Items	-	-	-	-
(Transfers-Out) / Transfers-In	(254,324)	(353,647)	(352,733)	(256,738)
Internal Capital Contributions	44	-	(1,583)	-
Permanent Fund Additions	277	766	80	401
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	13,273,787	11,586,357	11,247,993	11,202,595
TOTAL CHANGES IN NET POSITION	(1,424,974)	(1,973,901)	(265,675)	241,258
NET POSITION - BEGINNING	8,707,037	10,589,266	10,796,794	15,649,715
Prior Period Adjustment	8,583	91,672	58,147	(6,626)
Accounting Changes	(260,689)	-	-	(5,087,553)
NET POSITION - ENDING	$ 7,029,957	$ 8,707,037	$ 10,589,266	$ 10,796,794

GOVERNMENTAL ACTIVITIES

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 472,215	$ 447,232	$ 442,793	$ 454,633	$ 419,866	$ 386,311
901,839	965,614	901,950	735,820	589,795	184,327
-	-	-	-	-	53
181,098	248,520	187,344	200,432	218,892	203,259
182,893	133,901	147,946	128,588	79,518	85,811
2,141	2,851	1,626	4,974	3,854	5,040
28,635	25,724	19,307	18,611	19,329	19,369
144,949	127,083	84,828	89,509	67,460	61,168
6,782,914	5,860,052	5,884,031	6,218,836	5,885,657	5,065,429
728,544	700,548	600,300	659,288	607,383	485,711
9,425,228	8,511,525	8,270,125	8,510,691	7,891,754	6,496,478
447,359	555,507	224,382	192,579	189,865	308,410
641,182	584,300	600,068	667,929	662,854	705,037
5,472,563	5,187,481	5,205,123	5,432,143	5,096,032	5,208,705
720,997	697,795	703,684	696,539	659,187	644,699
1,840,989	1,655,057	1,555,294	1,538,363	1,527,857	1,543,310
92,383	77,934	93,900	149,878	144,445	137,159
8,089,560	7,174,711	6,746,574	6,397,426	6,091,958	5,220,295
1,872,441	1,769,013	1,777,488	1,974,009	2,105,688	1,376,215
53,094	16,284	40,935	32,487	33,203	20,393
19,230,568	17,718,082	16,947,448	17,081,353	16,511,089	15,164,223
(9,805,340)	(9,206,557)	(8,677,323)	(8,570,662)	(8,619,335)	(8,667,745)
2,754,977	2,498,006	2,333,644	2,280,693	1,987,576	2,093,113
236,761	240,895	244,624	236,945	244,344	251,209
5,285,634	5,154,624	4,653,105	4,151,119	3,770,597	4,024,105
600,002	606,883	434,885	441,778	360,852	322,683
617,612	453,305	519,870	466,408	376,388	655,478
1,052,692	1,039,105	965,784	928,260	873,287	880,625
17,312	16,842	15,015	6,523	10,215	22,591
112,958	97,402	96,213	91,608	112,138	119,748
-	-	-	-	-	(5,616)
(172,442)	(128,535)	(135,407)	(110,266)	(94,993)	(114,685)
-	-	-	-	-	-
397	741	595	460	357	-
10,505,903	9,979,268	9,128,328	8,493,528	7,640,761	8,249,251
700,563	772,711	451,005	(77,134)	(978,574)	(418,494)
14,958,731	14,179,064	13,393,108	13,455,272	15,477,205	15,830,190
1,718	6,956	334,951	14,970	(594,624)	(118,647)
(11,297)	-	-	-	(448,735)	184,156
$ 15,649,715	$ 14,958,731	$ 14,179,064	$ 13,393,108	$ 13,455,272	$ 15,477,205

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET POSITION
BUSINESS-TYPE ACTIVITIES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2017-18	2016-17	2015-16	2014-15	2013-14
PROGRAM REVENUES:					
Licenses and Permits	$ 168,045	$ 165,182	$ 159,704	$ 157,971	$ 141,770
Service Fees	2,449,817	1,404,677	1,297,576	1,145,897	1,068,966
Education - Tuition, Fees, and Sales	3,404,969	3,239,887	3,005,967	2,881,240	2,672,136
Fines and Forfeits	4,630	5,769	4,101	3,968	15,470
Rents and Royalties	74,482	45,177	40,077	41,944	39,675
Sales of Products	686,196	622,179	661,084	605,101	607,744
Unemployment Surcharge	562,095	646,336	603,708	698,609	736,985
Other	164,008	188,112	165,237	155,707	154,424
Operating Grants and Contributions	5,082,655	2,556,915	2,449,163	2,281,931	2,569,038
Capital Grants and Contributions	89,542	43,873	42,996	78,304	56,899
TOTAL PROGRAM REVENUES	12,686,439	8,918,107	8,429,613	8,050,672	8,063,107
EXPENSES:					
Higher Education	8,612,196	7,829,889	6,446,902	6,004,484	5,618,507
Healthcare Affordability	3,294,611	-	-	-	-
Unemployment Insurance	444,181	518,891	531,607	530,130	756,484
CollegeInvest[1]	-	-	-	-	-
Lottery	547,805	494,110	517,847	474,578	477,434
Parks and Wildlife[2]	294,065	257,959	203,794	191,426	170,898
College Assist	247,361	315,478	320,774	338,631	341,684
Other Business-Type Activities	301,094	219,844	282,471	217,838	209,871
TOTAL EXPENSES	13,741,313	9,636,171	8,303,395	7,757,087	7,574,878
NET (EXPENSE) REVENUE	(1,054,874)	(718,064)	126,218	293,585	488,229
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:					
Other Taxes	-	-	-	7	-
Special and/or Extraordinary Items	-	(808)	-	-	(22,186)
(Transfers-Out) / Transfers-In	254,324	353,647	352,733	256,738	172,442
Internal Capital Contributions	51,439	-	10,183	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	305,763	352,839	362,916	256,745	150,256
TOTAL CHANGES IN NET POSITION	(749,111)	(365,225)	489,134	550,330	638,485
NET POSITION - BEGINNING	4,570,333	4,981,653	4,497,828	7,289,798	6,688,706
Prior Period Adjustment	-	545	(5,309)	-	(6,922)
Accounting Changes	(650,315)	(46,640)	-	(3,342,300)	(30,471)
NET POSITION - ENDING	$ 3,170,907	$ 4,570,333	$ 4,981,653	$ 4,497,828	$ 7,289,798

[1] Due to the disposition of the CollegeInvest loan portfolio and related variable debt, CollegeInvest was removed as a major fund in Fiscal Year 2010-11 and is subsequently reported as part of the Other Business-Type Activities.

[2] Parks and Wildlife after Fiscal Year 2010-11.

BUSINESS-TYPE ACTIVITIES

2012-13	2011-12	2010-11	2009-10	2008-09
$ 133,315	$ 131,496	$ 120,910	$ 106,946	$ 119,611
958,451	865,326	874,990	607,485	681,807
2,512,026	2,406,696	2,243,375	1,999,358	1,957,505
12,860	9,561	1,945	2,836	1,118
47,881	65,236	29,507	24,648	29,908
636,115	624,407	592,794	590,758	560,364
725,854	828,530	791,317	491,716	363,241
159,162	152,448	153,321	167,930	173,354
2,730,519	3,165,718	3,689,492	3,957,310	2,214,186
96,655	132,067	25,432	24,619	20,220
8,012,838	8,381,485	8,523,083	7,973,606	6,121,314
5,258,665	5,068,481	4,755,385	4,451,541	4,153,282
-	-	-	-	-
1,055,148	1,571,321	2,141,728	2,496,188	1,138,621
-	-	-	68,650	78,647
501,010	495,847	470,480	456,352	435,156
177,497	160,933	108,425	105,037	112,369
407,229	403,023	402,648	410,027	399,576
187,265	196,542	191,123	170,410	171,635
7,586,814	7,896,147	8,069,789	8,158,205	6,489,286
426,024	485,338	453,294	(184,599)	(367,972)
-	-	-	-	-
-	-	1,493	(79,575)	-
128,535	135,407	110,266	94,993	114,685
-	-	-	-	-
128,535	135,407	111,759	15,418	114,685
554,559	620,745	565,053	(169,181)	(253,287)
6,139,998	5,264,683	4,746,480	4,880,112	5,127,090
(5,851)	254,570	(46,850)	35,549	6,309
-	-	-	-	-
$ 6,688,706	$ 6,139,998	$ 5,264,683	$ 4,746,480	$ 4,880,112

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET POSITION
TOTAL PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2017-18	2016-17	2015-16	2014-15	2013-14
PROGRAM REVENUES:					
Charges for Services:					
Licenses and Permits	$ 732,121	$ 707,118	$ 678,524	$ 659,290	$ 613,985
Service Fees	2,807,926	2,411,653	2,436,802	2,025,036	1,970,805
Education - Tuition, Fees, and Sales	3,404,969	3,239,887	3,005,967	2,881,240	2,672,136
Fines and Forfeits	195,363	212,431	199,357	204,989	196,568
Rents and Royalties	221,792	177,487	182,829	241,011	222,568
Sales of Products	689,414	625,384	664,387	608,491	609,885
Unemployment Surcharge	596,340	678,843	634,476	727,990	765,620
Other	316,293	327,040	308,488	286,858	299,373
Operating Grants and Contributions	11,710,412	10,706,249	11,027,309	10,008,599	9,351,952
Capital Grants and Contributions	835,039	858,612	862,317	895,773	785,443
TOTAL PROGRAM REVENUES	21,509,669	19,944,704	20,000,456	18,539,277	17,488,335
EXPENSES:					
General Government	739,872	653,247	485,611	449,261	447,359
Business, Community, and Consumer Affairs	912,495	919,676	777,458	711,558	641,182
Education	6,086,573	6,045,204	5,859,964	5,687,573	5,472,563
Health and Rehabilitation	1,258,445	1,170,889	2,898,841	822,556	720,997
Justice	3,254,155	2,974,666	2,209,158	2,075,534	1,840,989
Natural Resources	219,659	169,528	135,491	120,374	92,383
Social Assistance	8,810,715	10,489,419	8,825,599	9,627,104	8,089,560
Transportation	2,179,299	2,105,462	1,830,368	1,896,904	1,872,441
Interest on Debt	60,778	58,764	62,021	59,078	53,094
Higher Education	8,612,196	7,829,889	6,446,902	6,004,484	5,618,507
Healthcare Affordability	3,294,611	-	-	-	-
Unemployment Insurance	444,181	518,891	531,607	530,130	756,484
CollegeInvest[1]	-	-	-	-	-
Lottery	547,805	494,110	517,847	474,578	477,434
Parks and Wildlife[2]	294,065	257,959	203,794	191,426	170,898
College Assist	247,361	315,478	320,774	338,631	341,684
Other Business-Type Activities	301,094	219,844	282,471	217,838	209,871
TOTAL EXPENSES	37,263,304	34,223,026	31,387,906	29,207,029	26,805,446
NET (EXPENSE) REVENUE	(15,753,635)	(14,278,322)	(11,387,450)	(10,667,752)	(9,317,111)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:					
Sales and Use Taxes	3,449,844	3,151,679	2,940,839	2,762,222	2,754,977
Excise Taxes	311,625	321,419	290,276	267,858	236,761
Individual Income Tax	6,978,833	6,291,376	6,061,679	5,847,141	5,285,634
Corporate Income Tax	714,313	432,802	643,761	613,316	600,002
Other Taxes	577,961	452,042	410,277	673,282	617,612
Restricted Taxes	1,273,482	1,169,457	1,132,687	1,186,515	1,052,692
Unrestricted Investment Earnings (Losses)	21,798	16,987	15,705	11,992	17,312
Other General Revenues	199,934	103,476	107,005	96,613	112,958
Special and/or Extraordinary Items	-	(808)	-	-	(22,186)
Internal Capital Contributions	51,483	-	8,600	-	-
Permanent Fund Additions	277	766	80	401	397
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	13,579,550	11,939,196	11,610,909	11,459,340	10,656,159
TOTAL CHANGES IN NET POSITION	(2,174,085)	(2,339,126)	223,459	791,588	1,339,048
NET POSITION - BEGINNING	13,277,370	15,570,919	15,294,622	22,939,513	21,647,437
Prior Period Adjustment	8,583	92,217	52,838	(6,626)	(5,204)
Accounting Changes	(911,004)	(46,640)	-	(8,429,853)	(41,768)
NET POSITION - ENDING	$ 10,200,864	$ 13,277,370	$ 15,570,919	$ 15,294,622	$ 22,939,513

[1] Due to the disposition of the CollegeInvest loan portfolio and related variable debt, CollegeInvest was removed as a major fund in Fiscal Year 2010-11 and is subsequently reported as part of the Other Business-Type Activities.

[2] Parks and Wildlife after Fiscal Year 2010-11.

TOTAL PRIMARY GOVERNMENT

2012-13	2011-12	2010-11	2009-10	2008-09
$ 580,547	$ 574,289	$ 575,543	$ 526,812	$ 505,922
1,924,065	1,767,276	1,610,810	1,197,280	866,134
2,512,026	2,406,696	2,243,375	1,999,358	1,957,558
261,380	196,905	202,377	221,728	204,377
181,782	213,182	158,095	104,166	115,719
638,966	626,033	597,768	594,612	565,404
751,578	847,837	809,928	511,045	382,610
286,245	237,276	242,830	235,390	234,522
8,590,571	9,049,749	9,908,328	9,842,967	7,279,615
797,203	732,367	684,720	632,002	505,931
16,524,363	16,651,610	17,033,774	15,865,360	12,617,792
555,507	224,382	192,579	189,865	308,410
584,300	600,068	667,929	662,854	705,037
5,187,481	5,205,123	5,432,143	5,096,032	5,208,705
697,795	703,684	696,539	659,187	644,699
1,655,057	1,555,294	1,538,363	1,527,857	1,543,310
77,934	93,900	149,878	144,445	137,159
7,174,711	6,746,574	6,397,426	6,091,958	5,220,295
1,769,013	1,777,488	1,974,009	2,105,688	1,376,215
16,284	40,935	32,487	33,203	20,393
5,258,665	5,068,481	4,755,385	4,451,541	4,153,282
-	-	-	-	-
1,055,148	1,571,321	2,141,728	2,496,188	1,138,621
-	-	-	68,650	78,647
501,010	495,847	470,480	456,352	435,156
177,497	160,933	108,425	105,037	112,369
407,229	403,023	402,648	410,027	399,576
187,265	196,542	191,123	170,410	171,635
25,304,896	24,843,595	25,151,142	24,669,294	21,653,509
(8,780,533)	(8,191,985)	(8,117,368)	(8,803,934)	(9,035,717)
2,498,006	2,333,644	2,280,693	1,987,576	2,093,113
240,895	244,624	236,945	244,344	251,209
5,154,624	4,653,105	4,151,119	3,770,597	4,024,105
606,883	434,885	441,778	360,852	322,683
453,305	519,870	466,408	376,388	655,478
1,039,105	965,784	928,260	873,287	880,625
16,842	15,015	6,523	10,215	22,591
97,402	96,213	91,608	112,138	119,748
0	0	1,493	(79,575)	(5,616)
-	-	-	-	-
741	595	460	357	-
10,107,803	9,263,735	8,605,287	7,656,179	8,363,936
1,327,270	1,071,750	487,919	(1,147,755)	(671,781)
20,319,062	18,657,791	18,201,752	20,357,317	20,957,280
1,105	589,521	(31,880)	(559,075)	(112,338)
-	0	-	(448,735)	184,156
$ 21,647,437	$ 20,319,062	$ 18,657,791	$ 18,201,752	$ 20,357,317

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2017 - 18	2016 - 17	2015 - 16	2014 - 15
REVENUES:				
Taxes	$ 13,389	$ 11,835	$ 11,471	$ 11,205
Less: Excess TABOR Revenues	-	-	-	170
Licenses, Permits, and Fines	940	838	810	801
Charges for Goods and Services	363	1,012	1,144	885
Rents (reported in 'Other' prior to FY05)	147	132	143	199
Investment Income	41	46	139	99
Federal Grants and Contracts	7,047	8,685	9,047	8,283
Unclaimed Property Receipts	78	64	65	61
Other	398	338	321	329
TOTAL REVENUES	22,402	22,950	23,140	22,032
EXPENDITURES:				
Current:				
General Government	381	344	324	305
Business, Community and Consumer Affairs	480	453	474	469
Education	832	869	852	785
Health and Rehabilitation	778	770	1,784	699
Justice	1,808	1,705	1,741	1,648
Natural Resources	128	113	107	103
Social Assistance	7,572	9,358	8,726	8,627
Transportation	1,348	1,364	1,331	1,282
Capital Outlay	272	189	191	325
Intergovernmental:				
Cities	471	491	425	421
Counties	1,759	1,740	1,656	1,627
School Districts	5,171	5,122	4,995	4,909
Other	244	255	227	205
Debt Service [1]	128	239	280	270
TOTAL EXPENDITURES	21,372	23,012	23,113	21,675
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,030	(62)	27	357
OTHER FINANCING SOURCES (USES)				
Transfers-In	5,447	5,851	4,915	4,535
Transfers-Out:				
Higher Education	(230)	(230)	(181)	(181)
Other	(5,458)	(5,966)	(5,079)	(4,607)
Face Amount of Debt Issued	156	129	11	-
Bond Premium/Discount	21	14	-	-
Capital Lease Debt Issuance	4	1	-	-
Sale of Capital Assets	10	15	7	3
Insurance Recoveries	7	8	5	13
Debt Refunding Issuance	-	-	-	-
Debt Refunding Premium Proceeds	-	-	-	-
Debt Refunding Payments	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(43) [4]	(178)	(322)	(237)
NET CHANGE IN FUND BALANCE	987	(240)	(295)	120
FUND BALANCE - BEGINNING	6,364	6,609	6,847	6,734
Prior Period Adjustments	(2)	(5)	58	(7)
Accounting Changes	-	-	-	-
FUND BALANCE - ENDING	$ 7,349	$ 6,364	$ 6,609	$ 6,847

[1] - See additional debt service information including principal and interest components and a ratio of total debt service expenditures to total noncapital expenditures on page 310.

[2] - In Fiscal Years 2008-09 and 2009-10, Unclaimed Property activity was partially converted from a Private Purpose Trust Fund to a Special Revenue Fund and therefore is not included in this schedule prior to the conversion.

[3] - Beginning in Fiscal Year 2010-11 the Supplemental Nutrition Assistance Program (SNAP) expenditures are reported in the Social Assistance line. In previous years it was reported as Intergovernmental payments in the Counties line.

[4] - Total rounded up from Statement of Revenues, Expenditures, and Changes in Fund Balance- Governmental Funds due to rounding transition from thousands to millions

2013-14	2012-13	RESTATED 2011-12	RESTATED 2010-11[3]	RESTATED 2009-10	2008-09[2]
$ 10,596	$ 10,018	$ 9,182	$ 8,430	$ 7,640	$ 8,231
-	-	-	-	-	-
758	789	724	745	734	701
905	970	892	730	552	150
183	134	148	129	80	86
115	19	120	97	199	258
7,183	6,428	6,223	6,917	7,023	5,480
53	37	43	40	42	58
365	263	254	221	192	195
20,158	18,658	17,586	17,309	16,462	15,159
331	325	359	560	775	511
395	375	363	388	369	332
730	674	661	778	855	879
658	641	626	592	583	608
1,605	1,422	1,322	1,314	1,315	1,285
107	99	90	132	126	121
7,416	6,488	6,065	5,655	4,454	3,836
1,203	1,065	982	1,064	1,017	1,074
298	299	459	329	240	308
412	297	287	300	281	294
1,573	1,504	1,371	1,478	2,253	2,043
4,475	4,235	4,199	4,303	4,364	4,143
202	323	177	185	219	185
261	247	236	208	194	189
19,666	17,994	17,197	17,286	17,045	15,808
492	664	389	23	(583)	(649)
5,405	5,750	4,622	4,776	5,333	5,179
(143)	(135)	(133)	(135)	(125)	(135)
(5,390)	(5,728)	(4,612)	(4,731)	(5,264)	(5,148)
97	196	156	218	559	-
6	9	13	-	8	-
25	1	17	17	-	11
27	31	14	-	-	-
2	1	6	2	4	2
112	31	126	-	-	-
-	-	19			
-	(31)	(144)	-	-	-
141	125	84	147	515	(91)
633	789	473	170	(68)	(740)
6,100	5,293	4,842	4,085	4,785	5,312
-	18	(22)	(4)	(41)	(1)
1	-	-	591	-	214
$ 6,734	$ 6,100	$ 5,293	$ 4,842	$ 4,676	$ 4,785

GENERAL PURPOSE REVENUE (AFTER TABOR REFUNDS)
GENERAL FUND
IN DOLLARS AND AS A PERCENT OF TOTAL
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2017-18	2016-17	2015-16	2014-15
Income Tax:				
Individual	$ 7,006	$ 6,209	$ 5,993	$ 5,888
Corporate	736	467	606	635
Net Income Tax	7,742	$ 6,676	6,599	6,523
Sales, Use, and Excise Taxes	3,501	3,188	2,996	2,990
Less: Excess TABOR Revenues	-	-	-	(170)
Net Sales, Use, and Excise Taxes	3,501	3,188	2,996	2,820
Insurance Tax	304	291	280	257
Gaming and Other Taxes	156	-	16	14
Investment Income	20	15	13	9
Severence Taxes to be Refunded	-	54	-	-
Other	-	40	26	19
TOTAL GENERAL REVENUES	$ 11,723	$ 10,264	$ 9,930	$ 9,642
Percent Change From Previous Year	14.2%	3.4%	3.0%	7.2%
(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)				
Net Income Tax	66.0%	65.0%	66.5%	66.5%
Sales, Use, and Excise Taxes	29.9	31.2	30.1	30.5
Estate Taxes	0.0	0.0	0.0	0.0
Insurance Tax	2.6	2.8	2.8	2.6
Other Taxes	1.3	0.0	0.2	0.1
Interest	0.2	0.1	0.1	0.1
Fiscal Emergency Fund	0.0	0.0	0.0	0.0
Severence Taxes to be Refunded	0.0	0.5	0.0	0.0
Other	0.0	0.4	0.3	0.2
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 5,273	$ 5,149	$ 4,633	$ 4,154	$ 3,777	$ 4,021
665	597	457	366	350	265
5,938	5,746	5,090	4,520	4,127	4,286
2,763	2,549	2,387	2,323	2,072	1,982
-	-	-	-	-	-
2,763	2,549	2,387	2,323	2,072	1,982
239	210	197	190	187	192
12	12	20	20	16	-
15	17	14	8	10	9
-	-	-	-	-	-
25	21	26	25	44	56
$ 8,992	$ 8,555	$ 7,734	$ 7,086	$ 6,456	$ 6,525
5.1%	10.6%	9.1%	9.8%	- 1.1%	- 13.1%
66.0%	67.2%	65.8%	63.8%	63.9%	65.7%
30.7	29.8	30.9	32.7	32.1	30.4
0.0	0.0	0.0	0.0	0.0	0.0
2.7	2.5	2.5	2.7	2.9	2.9
0.1	0.1	0.3	0.3	0.2	0.0
0.2	0.2	0.2	0.1	0.2	0.1
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
0.3	0.2	0.3	0.4	0.7	0.9
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURES BY DEPARTMENT[1] AND TRANSFERS FUNDED BY GENERAL PURPOSE REVENUES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	RESTATED 2015-16	2014-15
Department:[1]				
Agriculture	$ 10,428	$ 10,639	$ 10,050	$ 8,633
Corrections	773,788	748,559	758,545	717,579
Education	4,070,889	3,764,298	3,477,785	3,357,324
Governor	36,283	39,615	34,609	30,267
Health Care Policy and Financing	2,727,717	2,468,392	2,446,338	2,274,875
Higher Education	894,450	870,664	856,849	761,306
Human Services	984,291	918,130	936,071	877,162
Judicial Branch	514,874	487,636	481,550	441,700
Labor and Employment	21,302	21,579	7,754	660
Law	15,722	14,774	14,525	13,457
Legislative Branch	48,202	44,880	43,410	41,132
Local Affairs	29,184	25,235	25,481	22,244
Military and Veterans Affairs	30,814	8,253	7,907	7,792
Natural Resources	30,882	28,711	27,519	26,216
Personnel & Administration	12,088	12,273	11,034	7,601
Public Health and Environment	46,506	48,448	49,964	59,383
Public Safety	124,204	122,404	113,976	126,747
Regulatory Agencies	5,964	5,742	6,073	6,007
Revenue	250,438	90,957	149,361	97,249
Transportation	-	392	102	-
Treasury	190,457	15,908	12,522	5,684
Transfer to Capital Construction Fund	92,084	84,484	271,130	248,502
Transfer to Various Cash Funds	674,900	194,735	90,196	67,555
Transfer to the Highway Users Tax Fund	-	79,000	199,200	-
Other Transfers and Nonoperating Disbursements	181,151	153,379	143,492	127,795
TOTALS	$ 11,766,618	$ 10,259,087	$ 10,175,443	$ 9,326,870
Percent Change	14.7%	0.8%	9.1%	4.5%
(AS PERCENT OF TOTAL)				
Education	34.6%	36.7%	34.2%	36.0%
Health Care Policy and Financing	23.2	24.1	24.0	24.4
Higher Education	7.6	8.5	8.4	8.2
Human Services	8.4	8.9	9.2	9.4
Corrections	6.6	7.3	7.5	7.7
Transfer to Capital Construction Fund	0.8	0.8	2.7	2.7
Transfer to Various Cash Funds	5.7	1.9	0.9	0.7
Transfers to the Highway Users Tax Fund	0.0	0.8	2.0	0.0
Judicial	4.4	4.8	4.7	4.7
Revenue	2.1	0.9	1.5	1.0
All Others	6.6	5.3	4.9	5.2
TOTALS	100.0%	100.0%	100.0%	100.0%

[1] Expenditures in this schedule are reported on the modified accrual basis (GAAP basis) rather than the budgetary basis, which defers certain payroll, Medicaid costs and related revenues, and other statutorily defined expenditures to the following fiscal year. Certain expenditures are shown in the department that makes the external payment rather than being shown in the department that receives the original general-funded appropriation.

2013-14	2012-13	2011-12	RESTATED 2010-11	2009-10	2008-09
$ 7,697	$ 6,975	$ 5,152	$ 4,658	$ 5,915	$ 6,809
675,706	652,394	647,313	657,559	563,570	637,292
3,153,609	3,014,681	2,833,433	2,962,954	3,238,879	3,214,951
22,819	18,555	9,699	11,600	13,781	13,342
2,100,771	1,829,776	1,685,679	1,267,889	1,152,245	1,311,702
658,901	628,565	623,963	705,085	428,784	661,974
812,603	753,225	703,676	710,966	751,149	776,394
386,870	354,119	337,039	325,173	323,146	328,056
50	-	-	-	-	-
12,127	10,355	9,341	9,313	9,133	8,705
38,712	35,957	34,672	31,736	32,504	34,944
17,540	10,976	10,448	10,579	10,854	12,276
7,094	6,576	5,355	4,969	5,263	5,637
25,141	23,620	23,400	26,233	25,515	30,558
31,407	6,588	3,935	4,823	5,139	5,337
53,588	31,199	27,742	27,165	26,548	26,634
165,240	85,595	81,993	80,239	79,459	78,874
1,730	1,674	1,597	1,529	1,429	1,451
73,626	55,078	55,596	52,540	54,187	67,092
-	-	-	-	-	-
108,870	27,650	4,914	4,140	7,784	10,643
186,715	61,411	49,298	11,985	169	39,396
260,272	1,086,051	72,000	296,872	8,000	10,281
-	-	-	-	-	28,965
126,263	262,406	25,479	19,422	20,555	102,966
$ 8,927,351	$ 8,963,426	$ 7,251,724	$ 7,227,429	$ 6,764,008	$ 7,414,279
-0.4%	23.6%	0.3%	6.9%	-8.8%	-4.0%
35.3%	33.6%	39.1%	41.0%	47.9%	43.4%
23.5	20.4	23.2	17.5	17.0	17.7
7.4	7.0	8.6	9.8	6.3	8.9
9.1	8.4	9.7	9.8	11.1	10.5
7.6	7.3	8.9	9.1	8.3	8.6
2.1	0.7	0.7	0.2	0.0	0.5
2.9	12.1	1.0	4.1	0.1	0.1
0.0	0.0	0.0	0.0	0.0	0.4
4.3	4.0	4.6	4.5	4.8	4.4
0.8	0.6	0.8	0.7	0.8	0.9
7.0	5.9	3.4	3.3	3.7	4.6
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

FUND BALANCE
GENERAL FUND AND ALL OTHER GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	2015-16	2014-15
GENERAL PURPOSE:				
Reserved for:				
Encumbrances	$ -	$ -	$ -	$ -
Noncurrent Assets	-	-	-	-
Debt Service	-	-	-	-
Statutory Purposes	-	-	-	-
Risk Management	-	-	-	-
Unreserved Undesignated:				
General Fund	-	-	-	-
Unreserved:				
General Fund	-	-	-	-
Nonspendable:				
Inventories	7,975	8,503	7,522	8,894
Prepaids	38,173	39,348	37,977	40,971
Restricted	626,068	442,249	497,814	398,948
Committed	970,235	646,700	513,986	705,844
Assigned	29,641	17,218	19,283	20,731
Unassigned	334,660	-	-	-
TOTAL RESERVED	-	-	-	-
TOTAL UNRESERVED	-	-	-	-
TOTAL FUND BALANCE	2,006,752	1,154,018	1,076,582	1,175,388
ALL OTHER GOVERNMENTAL FUNDS:				
Reserved for:				
Encumbrances	$ -	$ -	$ -	$ -
Noncurrent Assets	-	-	-	-
Debt Service	-	-	-	-
Statutory Purposes	-	-	-	-
Risk Management	-	-	-	-
Emergencies	-	-	-	-
Funds Reported as Restricted	-	-	-	-
Unreserved, Reported in:				
General Fund	-	-	-	-
Special Revenue Funds	-	-	-	-
Capital Projects Funds	-	-	-	-
Nonmajor Special Revenue Funds	-	-	-	-
Nonmajor Permanent Funds	-	-	-	-
Unreserved:				
Reported in Major Funds	-	-	-	-
Reported in Nonmajor Special Revenue Funds	-	-	-	-
Reported in Nonmajor Permanent Funds	-	-	-	-
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	12	-	19,171	-
Inventories	43,452	44,779	45,026	44,436
Permanent Fund Principal	1,186,138	1,122,480	1,043,619	971,676
Prepaids	42,116	27,686	25,298	25,849
Restricted	1,398,241	1,336,625	1,582,619	1,942,973
Committed	2,672,653	2,677,915	2,817,110	2,686,468
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL RESERVED	-	-	-	-
TOTAL UNRESERVED	-	-	-	-
TOTAL FUND BALANCE	5,342,612	5,209,485	5,532,843	5,671,402
TOTAL RESERVED	-	-	-	-
TOTAL UNRESERVED	-	-	-	-
TOTAL FUND BALANCE	$ 7,349,364	$ 6,363,503	$ 6,609,425	$ 6,846,790

[1] - This amount results from a $458.1 million year-end transfer into the General Fund from various cash funds to prevent a deficit fund balance.
[2] - The implementation of Governmental Accounting Standards Board Statement No. 54 in Fiscal Year 2010-11 resulted in a significant change in the State's fund balance classifications.

2013-14	2012-13	2011-12	2010-11[2]	2009-10	2008-09
$ -	$ -	$ -	$ -	$ 5,721	$ 2,195
-	-	-	-	-	1
-	-	-	-	-	-
-	-	-	-	-	148,212
-	-	-	-	23,031	18,650
-	-	-	-	(30,822)	155,436
-	-	-	-	17,854	10,939
8,721	9,931	6,942	8,742		
38,535	22,654	24,175	33,009		
468,758	487,161	503,449	542,997		
411,362	279,352	331,419	39,458		
7,651	7	20	109		
-	-	359,421	(21,468)		
-	-	-	-	28,752	169,058
-	-	-	-	(12,968)	166,375
935,027	799,105	1,225,426	602,847	15,784	335,433
$ -	$ -	$ -	$ -	$ 1,052,572	$ 1,043,396
-	-	-	-	584,828	515,062
-	-	-	-	4,093	558
-	-	-	-	325,463	40,921
-	-	-	-	-	-
-	-	-	-	94,000	93,550
-	-	-	-	1,151,448	1,445,739
-	-	-	-	-	-
-	-	-	-	57,148	53,498
-	-	-	-	(35,611)	54,687
-	-	-	-	1,302,178	1,117,248
-	-	-	-	10,586	8,500
-	-	-	-	34,487	30,327
-	-	-	-	40,778	23,719
-	-	-	-	38,541	22,875
-	-	-	-	-	-
43,681	44,262	8,690	9,839		
868,383	760,160	737,239	658,883		
29,365	32,697	28,665	21,540		
2,546,717	2,783,009	1,673,490	1,988,088		
2,310,902	1,680,986	1,619,397	1,560,775		
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	3,212,404	3,139,226
-	-	-	-	1,448,107	1,310,854
5,799,048	5,301,114	4,067,481	4,239,125	4,660,511	4,450,080
-	-	-	-	3,241,156	3,308,284
-	-	-	-	1,435,139	1,477,229
$ 6,734,075	$ 6,100,219	$ 5,292,907	$ 4,841,972	$ 4,676,295	$ 4,785,513

TABOR REVENUES, EXPENDITURES, FISCAL YEAR SPENDING LIMITATIONS, AND REFUNDS
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	Unaudited 2017-18	Unaudited 2016-17	Restated 2015-16	Restated 2014-15
DISTRICT REVENUES:				
Exempt District Revenues	$ 17,388,665	$ 17,784,588	$ 18,170,415	$ 16,980,420
Nonexempt District Revenues	13,720,881	12,891,657	12,824,408	12,530,772
TOTAL DISTRICT REVENUES	31,109,546	30,676,245	30,994,823	29,511,192
Percent Change In Nonexempt District Revenues	6.4%	0.5%	2.3%	7.3%
DISTRICT EXPENDITURES:				
Exempt District Expenditures	17,388,666	17,784,588	18,170,415	16,980,420
Nonexempt District Expenditures	12,852,870	13,251,437	13,076,457	12,237,753
TOTAL DISTRICT EXPENDITURES	30,241,536	31,036,025	31,246,872	29,218,173
Percent Change In Nonexempt District Expenditures	-3.0%	1.3%	6.9%	11.2%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ 868,010	$ (359,780)	$ (252,049)	$ 293,019
FISCAL YEAR SPENDING LIMIT				
Prior Fiscal Year Spending Limitation	$ 10,761,667	$ 10,427,606	$ 9,976,946	$ 9,566,586
Adjustments To Prior Year Limit[1]	(24,108)	10,480	(45,595)	(962)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	10,737,559	10,438,086	9,931,351	9,565,624
Allowable Growth Rate (Population Plus Inflation)	4.5%	3.1%	4.4%	4.3%
Current Fiscal Year Spending Limitation	11,220,749	10,761,667	10,368,330	9,976,946
Adjustments To Current Year Limit	-	-	59,276	0
ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION	11,220,749	10,761,667	10,427,606	9,976,946
EXCESS STATE REVENUE CAP (ESRC)[2]	13,702,371	13,327,811	12,946,499	12,361,032
NONEXEMPT DISTRICT REVENUES	13,720,881	12,891,657	12,824,408	12,530,772
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	2,500,132	2,129,990	2,396,802	2,553,826
Amount Over(Under) Excess State Revenue Cap	18,510	(436,154)	(122,091)	169,740
Correction Of Prior Years' Refunds				3,606
Voter Approved or Statutory Retention of Excess Revenue	-	-	-	-
FISCAL YEAR REFUND	$ 18,510	$ -	$ -	$ 173,346

1 - Large adjustments to the prior year limit are primarily related to activities qualifying as TABOR enterprises, after which the activity's revenues and expenditures are no longer shown in the district amounts.

2 - Beginning in Fiscal Year 2010-11, with the expiration of the Referendum C retention period, Fiscal Year Refunds are based on the Excess State Revenue Cap rather than the Fiscal Year Spending Limit.

	Restated 2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
	$ 16,833,308	$ 16,446,833	$ 15,017,772	$ 15,532,632	$ 16,056,039	$ 14,496,192
	11,683,130	11,107,341	10,273,184	9,424,764	8,567,941	9,102,354
	28,516,438	27,554,174	25,290,956	24,957,396	24,623,980	23,598,546
	5.3%	8.1%	9.0%	10.0%	-5.9%	-9.0%
	16,833,308	16,162,555	15,017,772	15,532,632	16,056,039	14,496,192
	11,008,327	10,548,250	9,791,616	9,330,892	8,638,571	10,168,409
	27,841,635	26,710,805	24,809,388	24,863,524	24,694,610	24,664,601
	1.4%	7.7%	4.9%	8.0%	-15.0%	6.7%
	$ 674,803	$ 843,369	$ 481,568	$ 93,872	$ (70,630)	$ (1,066,055)
	$ 9,247,466	$ 8,799,754	$ 8,654,192	$ 8,567,941	$ 9,102,354	$ 8,829,131
	(152)	(27,952)	(26,982)	(16,368)	(422,016)	(10,365)
	9,247,314	8,771,802	8,627,210	8,551,573	8,680,338	8,818,766
	3.3%	5.4%	2.0%	1.2%	5.8%	4.1%
	9,552,475	9,245,479	8,799,754	8,654,192	9,183,797	9,180,336
	14,111	1,987	-	-	-	23,505
	9,566,586	9,247,466	8,799,754	8,654,192	9,183,797	9,203,841
	11,852,383	11,460,242	10,871,425	10,684,856		
	11,683,130	11,107,341	10,273,184	9,424,764	8,567,941	9,102,354
	2,116,544	1,859,875	1,473,430	770,572	(615,856)	(101,488)
	(169,253)	(352,901)	(598,242)	(1,260,092)		
	-	-	-	-	-	-
	-	-	-	-	-	-
	$ -	$ -	$ -	$ -	$ -	$ -

DEBT SERVICE EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	RESTATED 2015-16	2014-15
DEBT SERVICE EXPENDITURES:				
Principal	$ 62,203	$ 177,925	$ 210,390	$ 194,818
Interest	65,566	60,781	69,729	74,689
TOTAL DEBT SERVICE EXPENDITURES	$ 127,769	$ 238,706	$ 280,119	$ 269,507
Percent Change Over Previous Year	-46.5%	-14.8%	3.9%	3.2%
TOTAL NONCAPITAL EXPENDITURES	20,293,035	21,788,949	22,034,812	20,480,883
TOTAL CAPITAL EXPENDITURES	1,079,152	1,222,662	1,078,383	1,194,596
TOTAL GOVERNMENTAL EXPENDITURES	21,372,187	23,011,611	23,113,195	21,675,479
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:				
Principal	0.3%	0.8%	1.0%	1.0%
Interest	0.3%	0.3%	0.3%	0.4%
Total Debt Service Expenditures	0.6%	1.1%	1.3%	1.3%

	2013-14	2012-13	2011-12	2010-11	2009-10	RESTATED 2008-09
	$ 184,106	$ 163,939	$ 150,690	$ 124,993	$ 116,083	$ 109,801
	77,005	82,660	85,586	82,829	77,919	78,719
	$ 261,111	$ 246,599	$ 236,276	$ 207,822	$ 194,002	$ 188,520
	5.9%	4.4%	13.7%	7.1%	2.9%	-9.2%
	19,001,514	17,329,054	16,470,142	16,654,138	16,566,769	15,448,232
	664,762	653,157	726,501	631,546	478,179	359,518
	19,666,276	17,982,211	17,196,643	17,285,684	17,044,948	15,807,750
	0.9%	0.9%	0.9%	0.7%	0.7%	0.7%
	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%
	1.4%	1.4%	1.4%	1.2%	1.2%	1.2%

TOTAL OUTSTANDING DEBT[1,2,4]
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2017-18	2016-17	2015-16	2014-15
Governmental Activities:				
Revenue Backed Debt	$ -	$ -	$ 127,925	$ 289,789
Certificates of Participation	1,426,314	1,302,382	1,205,172	1,227,828
Capital Leases	131,873	142,153	150,665	172,329
Notes and Mortgages	8,979	11,115	13,205	15,250
TOTAL GOVERNMENTAL OUTSTANDING DEBT	1,567,166	1,455,650	1,496,967	1,705,196
Business-Type Activities:				
Revenue Backed Debt	4,536,178	4,391,057	4,320,596	4,242,726
Certificates of Participation	461,461	346,769	372,661	399,231
Capital Leases	48,152	49,891	57,126	54,281
Notes and Mortgages	60,047	61,396	53,968	28,317
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	5,105,838	4,849,113	4,804,351	4,724,555
Total Primary Government:				
Revenue Backed Debt	4,536,178	4,391,057	4,448,521	4,532,515
Certificates of Participation	1,887,775	1,649,151	1,577,833	1,627,059
Capital Leases	180,025	192,044	207,791	226,610
Notes and Mortgages	69,026	72,511	67,173	43,567
TOTAL OUTSTANDING DEBT[1]	$ 6,673,004	$ 6,304,763	$ 6,301,318	$ 6,429,751
Percent Change Over Previous Year	5.8%	0.1%	-2.0%	1.7%
Colorado Population (In Thousands) Restated for Census	5,607	5,541	5,439	5,345
Per Capita Debt (Dollars Per Person) Restated for Census	$1,190	$1,138	$1,159	$1,203
Per Capita Income (Thousands Per Person)	$54.2	$52.1	$50.3	$48.8
Per Capita Debt as a Percent of Per Capita Income	2.2%	2.2%	2.3%	2.5%

[1] - General Obligation Debt is prohibited by the State Constitution except to fund buildings for state use, to defend the state or the U.S. (in time of war), or to provide for unforseen revenue deficiencies.

[2] - Colorado State Constitution requires multi-years obligations to be approved by voters therefore there is no specific legal debt limitation.

[3] - Decline was related to the CollegeInvest sale and retirement of bonds previously issued to support purchase and origination of student loans.

[4] - Beginning in Fiscal Year 2013-14 debt liabilities are not offset by unamortized refunding gains or losses. With GASB Statement No. 65, these balances became deferred inflows and or outflows.

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
$ 443,881	$ 574,147	$ 739,138	$ 869,282	$ 992,436	$ 1,106,973
1,267,869	1,192,193	1,018,456	897,632	689,973	162,053
174,996	151,010	121,429	107,588	97,130	91,813
17,385	19,220	19,369	-	515,000	515,000
1,904,131	1,936,570	1,898,392	1,874,502	2,294,539	1,875,839
3,967,023	3,724,951	3,753,617	2,762,166	2,306,693	3,551,588
403,761	403,603	420,951	430,537	432,698	446,656
42,192	41,728	39,038	48,416	83,374	93,773
4,810	3,522	7,353	3,503	43,925	4,771
4,417,786	4,173,804	4,220,959	3,244,622	2,866,690	4,096,788
4,410,904	4,299,098	4,492,755	3,631,448	3,299,129	4,658,561
1,671,630	1,595,796	1,439,407	1,328,169	1,122,671	608,709
217,188	192,738	160,467	156,004	180,504	185,586
22,195	22,742	26,722	3,503	558,925	519,771
$ 6,321,917	$ 6,110,374	$ 6,119,351	$ 5,119,124	$ 5,161,229	$ 5,972,627
3.3%	-0.1%	19.5%	-0.8%	-13.6% [3]	7.7%
5,268	5,273	5,188	5,118	5,048	4,972
$1,200	$1,159	$1,180	$1,000	$1,022	$1,201
$46.9	$46.1	$46.3	$44.2	$41.7	$41.5
2.6%	2.5%	2.5%	2.3%	2.5%	2.9%

REVENUE BOND COVERAGE[1]
Last Ten Fiscal Years
(DOLLARS IN THOUSANDS)

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
Governmental Funds: Transportation Revenue Anticipation Notes (TRANs)							
2017-18	$ -	$ -	$ -	$ -	$ -	$ -	0.00
2016-17	-	-	-	-	-	-	0.00
2015-16	1,566,285	1,437,505	128,780	126,100	2,680	128,780	1.00
2014-15	1,358,950	1,191,461	167,489	157,220	10,269	167,489	1.00
2013-14	1,240,588	1,073,259	167,329	147,225	20,104	167,329	1.00
2012-13	1,204,153	1,037,025	167,128	132,105	35,023	167,128	1.00
2011-12	1,105,452	938,787	166,665	125,265	41,400	166,665	1.00
2010-11	1,162,586	994,596	167,990	119,385	48,605	167,990	1.00
2009-10	1,104,185	936,194	167,991	113,300	54,691	167,991	1.00
2008-09	980,992	813,000	167,992	107,795	60,197	167,992	1.00
Enterprise Funds (Excluding Higher Education): State Fair, CollegeInvest, Statewide Bridge Enterprise, and Unemployment Insurance [2]							
2017-18	$ 106,022	$ -	$ 106,022	$ -	$ 18,234	$ 18,234	5.81
2016-17	109,927	-	109,927	-	18,234	18,234	6.03
2015-16	231,775	-	231,775	124,965	20,546	145,511	1.59
2014-15	363,612	-	363,612	249,925	24,857	274,782	1.32
2013-14	486,250	-	486,250	374,885	30,620	405,505	1.20
2012-13	608,493	-	608,493	499,845	40,965	540,810	1.13
2011-12	240,822	-	240,822	-	18,234	18,234	13.21
2010-11	74,280	-	74,280	-	8,408	8,408	8.83
2008-09	200,753	34,107	166,646	24,000	17,126	41,126	4.05
Higher Education Institutions							
2017-18	$ 2,290,836	$ 643,503	$ 1,647,333	$ 127,378	$ 161,525	$ 288,903	5.70
2016-17	2,170,616	618,649	1,551,967	117,118	160,835	277,953	5.58
2015-16	1,984,082	455,553	1,528,529	103,957	157,999	261,956	5.84
2014-15	1,250,735	579,200	671,535	107,878	152,923	260,801	2.57
2013-14	1,170,939	557,627	613,312	94,581	138,121	232,702	2.64
2012-13	1,122,003	537,630	584,373	80,330	131,356	211,686	2.76
2011-12	1,093,528	507,761	585,767	69,992	114,914	184,906	3.17
2010-11	1,025,079	487,781	537,298	64,345	110,488	174,833	3.07
2009-10	947,626	477,126	470,500	46,650	85,723	132,373	3.55
2008-09	846,389	450,057	396,332	40,965	69,195	110,160	3.60

[1] - Pledged revenues supporting the Governmental Funds TRANs include primarily federal grants under agreement with the Federal Highway Administration (FHWA). Before Fiscal Year 2009-10, pledged revenue also included a portion of sales and use tax revenues of the General Fund diverted to the Highway Users Tax Fund and the Highway Users Tax Fund revenues. Pledged revenues supporting the Enterprise Funds' borrowings, excluding Higher Education, were primarily student loan repayment amounts at CollegeInvest, which were used to make the required debt service payments. CollegeInvest's loan portfolio was sold in Fiscal Year 2009-10 and related bonds were sold or redeemed. Pledged revenues supporting Higher Education Institutions' borrowings are primarily auxiliary fees related to student housing and tuition. Pledged revenues supporting Unemployment Insurance bonds are from assessments on employers.

[2] - At the close of Fiscal Year 2009-10, neither CollegeInvest nor State Fair had any outstanding revenue bonds requiring pledged revenues amount to be reported. In Fiscal Year 2011-12, Unemployment Insurance issued revenue bonds requiring pledged revenues.

COLORADO DEMOGRAPHIC DATA
2008 to 2018

Year	Population (000)	Percentage Share of U.S. Population	Total Personal Income (Billions)	Per Capita Personal Income (Dollars)	% of U.S. Per Capita Income	Employ-ment (000)	Unemploy-ment %
2018 est	5,687	1.73%	$ 320.5	$ 56,365	104.9%	3,090	2.9%
2017	5,607	1.72	303.7	54,156	104.8	2,992	2.4
2016	5,541	1.71	288.4	52,059	105.6	2,888	3.5
2015	5,439	1.69	273.8	50,343	105.6	2,719	3.9
2014	5,345	1.67	261.0	48,831	106.3	2,675	5.0
2013	5,268	1.67	247.1	46,900	104.8	2,591	6.8
2012	5,189	1.65	240.3	46,310	104.8	2,542	7.9
2011	5,118	1.64	226.1	44,177	104.4	2,507	8.3
2010	5,048	1.63	210.5	41,700	103.9	2,486	8.7
2009	4,972	1.62	206.4	41,512	105.4	2,524	7.3
2008	4,890	1.61	212.1	43,374	106.1	2,585	4.8

Source: U.S. Department of Commerce, Bureau of Economic Analysis, U.S. Census Bureau, and Colorado Department of Labor and Employment

COLORADO EMPLOYMENT[1,2]
BY INDUSTRY
2008 to 2018
(AMOUNTS IN THOUSANDS)

Industry	2018 est	2017 est	2016	2015	2014	2013	2012	2011	2010	2009	2008
Natural Resources and Mining	26.1	25.0	23.7	31.1	34.1	30.6	30.3	27.9	24.4	24.2	28.5
Construction	164.5	162.0	155.1	149.5	142.2	127.5	115.8	112.5	115.1	131.3	161.8
Manufacturing	145.6	144.0	142.5	141.4	136.6	132.8	130.9	128.1	124.2	128.0	142.3
Transportation, Trade, and Utilities	470.4	461.7	454.8	445.3	432.9	420.2	409.7	401.7	397.6	403.8	429.3
Information	72.4	72.1	71.7	70.7	70.3	69.8	69.8	71.4	72.0	74.7	76.8
Financial Activities	169.6	167.6	163.6	159.5	153.9	151.0	146.7	143.9	144.3	148.0	155.6
Professional and Business Services	425.2	415.2	405.3	397.5	386.5	372.6	356.9	341.5	330.8	331.8	353.7
Educational and Health Services	343.4	335.0	326.7	312.9	298.9	286.7	282.6	273.7	264.7	257.2	250.5
Leisure and Hospitality	337.0	330.8	323.3	313.3	300.4	289.4	279.7	271.4	263.0	262.4	272.9
Other Services	108.0	106.3	105.2	103.0	100.7	97.7	96.0	93.7	92.4	93.7	94.8
Government	440.4	435.8	427.3	416.7	408.5	403.7	394.8	392.9	393.8	390.5	384.1
Total	2,702.6	2,655.5	2,599.2	2,540.9	2,465.0	2,382.0	2,313.2	2,258.7	2,222.3	2,245.6	2,350.3

Source: Colorado Department of Labor and Employment and the Colorado Business Economic Outlook Committee.

[1] - Provided in lieu of information regarding Colorado's principal employers because employer data could not be obtained.

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

VALUE OF TOTAL CONSTRUCTION IN COLORADO BY TYPE
Last Ten Years
(AMOUNTS IN MILLIONS)

Year	Residential	Non-Residential	Non-Building	Total
2018 est	$ 10,046	$ 5,700	$ 3,500	$ 19,246
2017	9,123	5,400	3,000	17,523
2016	9,892	5,586	2,327	17,804
2015	7,489	4,621	3,150	15,260
2014	6,480	4,239	2,319	13,038
2013	7,089	3,610	3,680	14,379
2012	5,368	3,675	3,329	12,372
2011	3,363	3,932	2,289	9,584
2010	2,903	2,967	2,214	8,084
2009	2,501	3,126	1,648	7,275
2008	4,042	4,117	2,542	10,701

Source: Department of Census, F.W. Dodge Company, Division of McGraw-Hill, the Colorado Contractors Assoc., and Colorado Business Economic Outlook Committee.

COLORADO SALES AND GROSS FARMING REVENUES
Last Ten Years
(AMOUNTS IN BILLIONS)

Year	Retail Sales	Gross Farm Revenues
2018 est	$ 95.50	$ 7.97
2017 est	91.30	7.91
2016	83.40	7.61
2015	83.40	8.80
2014	79.50	9.08
2013	74.10	8.55
2012	70.70	8.34
2011	66.70	8.48
2010	62.30	7.08
2009	58.30	6.91
2008	66.50	6.98

Includes only those sales reported on sales tax reports.

Source: Colorado Business Economic Outlook Agricultural Committee

DEMAND DRIVERS OF THE PRIMARY GOVERNMENT[1]
BY FUNCTIONS / PROGRAMS
Last Ten Years[2]

	2018	2017	2016	2015
GOVERNMENTAL ACTIVITIES:				
General Government:				
Funds	874	848	815	719
Employees (calculated Average Employment)	76,578	74,252	72,483	72,369
Balance in Treasury Pool (in millions)	$7,763.4	$6,852.0	$7,413.7	$7,683.2
Business, Community, and Consumer Affairs:				
Professional Licenses at Regulatory Agencies	853,163	829,350	813,639	789,643
Unemployment Rate (percent) [4]	2.9	2.4	3.3	4.3
Employment Level [4]	3,000,247	2,919,787	2,808,506	2,716,981
Education:				
Public Schools	1,889	1,833	1,853	1,836
Primary School Students	N/A	910,280	905,018	899,112
Health and Rehabilitation:				
Average Daily Population of Mental Health Institutes [3]	581	543	545	545
Average Daily Population of Regional Centers [3,5]	261	260	266	272
Justice:				
District Court Cases Filed [3]	218,413	225,438	216,970	231,188
County Court Cases Filed [3]	412,714	425,947	430,398	446,255
Inmate Admissions	N/A	8,851	9,912	9,912
Inmate Releases	N/A	9,844	10,269	10,269
Average Daily Inmate Population	N/A	20,179	20,179	20,678
Citations Issued by the State Patrol	138,772	144,612	128,142	145,790
Crashes Covered by the State Patrol	28,964	30,254	25,541	30,463
Natural Resources:				
Active Oil and Gas Wells [3]	54,400	54,600	52,600	52,300
Oil and Gas Drilling Permits [3]	4,460	4,620	3,725	4,333
Annual State Park Visitors [3]	14,400,000	14,800,000	12,300,000	11,699,543
Water Loans	318	328	312	294
Social Assistance:				
Medicaid Recipients [3]	1,420,267	1,385,945	1,289,795	1,003,612
Average Cash Assistance Payments per Month [3]	925,400	960,100	286,611	63,646
Transportation:				
Lane Miles	23,053,073	22,984,731	23,018,184	23,018,184
Bridges	3,451	3,455	3,427	3,439
BUSINESS-TYPE ACTIVITIES:				
Higher-Education:				
Resident Students [3]	146,138	142,180	145,769	150,073
Nonresident Students [3]	32,884	32,884	30,869	29,305
Unemployment Insurance:				
Individuals Served - Employment and Training [3]	360,911	425,253	469,274	553,258
Initial Unemployment Claims [3]	107,471	129,887	152,658	157,161
CollegeInvest:[7]				
Loans Issued or Purchased	-	-	-	-
Average Balance per Loan	-	-	-	-
Lottery:				
Scratch Tickets Sold	83,746,578	84,041,528	87,433,955	89,637,387
Lotto Tickets Sold	28,462,945	30,609,106	27,422,320	29,837,628
Powerball Tickets Sold	36,013,750	29,860,519	47,427,269	29,581,783
Other Lottery Tickets Sold	56,312,662	54,533,766	29,682,863	50,521,072
Wildlife:				
Hunting & Fishing Licenses Sold [3]	1,700,000	1,700,000	1,600,000	2,300,000
College Assist:				
Guaranteed Loans - In State	-	-	-	-
Guaranteed Loans - Out of State	-	-	-	-

*Data not available.
[1]All amounts are counts except where dollars or percentages are indicated.
[2]Data presented by either fiscal year or calendar year based on availability of information.
[3]Data represents estimates from budgetary documents and is not adjusted to actuals.
[4]Data represents annual averages of monthly estimates from Department of Labor and Employment statistical information and is not adjusted to actua
[5]Prior to 2009, this represented Regional Center Residential Beds
[6]Data through October 31, 2014
[7]Data through October 24, ,2011
[8]Restated amount from prior year.
[9]Numbers only available through 9/30/11.
Source: JBC Budget in Brief and Various State Agencies' Self-Reported Statistical Information.

2014	Restated 2013	Restated 2012	Restated 2011	2010	2009	2008
638	634	626	616	601	593	556
70,823	68,898	67,871	66,691	65,325	64,535	61,915
$7,047.8	$7,106.9	$6,546.6	$6,076.2	$5,902.0	$5,663.2	$6,159.4
750,306	729,328	705,205	703,695	702,498	679,836	640,332
5.5	6.8	7.8	8.5	9.0	8.1	4.8
2,691,680	2,595,837	2,523,535	2,490,004	2,475,831	2,511,189	2,599,724
1,824	1,823	1,806	1,786	1,817	1,769	1,771
889,006	876,999	863,561	854,265	843,316	832,368	818,443
486	489	501	511	554	569	548
288	305	302	307	329	378	403
289,965	247,696	238,766	190,531	188,822	191,749	199,681
493,341	505,234	541,439	562,185	562,570	554,165	579,069
9,620	9,597	9,116	9,935	10,704	10,992	11,038
10,506	10,506	10,657	10,161	11,033	10,803	10,565
20,478	20,551	22,009	22,814	22,980	23,210	22,887
140,640	127,939 [6]	130,651	149,015	170,988	170,570	221,544
29,163	27,751 [6]	25,554	24,878	24,123	26,159	27,260
50,350	47,916	45,300	45,500	45,000	36,000	35,000
4,300	5,100	4,800	5,250	5,000	7,400	6,780
11,556,388	12,461,261	12,651,919	12,463,495	11,666,912	13,680,012	11,272,418
289	277	281	288	278	269	258
809,452	687,473	613,148	553,407	476,632	381,390	383,784
65,208	65,208	66,472	63,742	58,119	57,200	62,647
23,021,500	23,023,800	23,023,720	23,023,070	22,982,320	23,060,630	23,036,480
3,443	3,438	3,447	3,447	3,447	3,429	3,406
155,748	159,206	160,944	160,160	146,531	136,900	135,275
28,580	27,536	26,934	26,225	24,869	23,166	22,069
552,303	636,977	585,724	615,548	652,570	350,000	300,000
199,007	228,634	302,418	389,769	408,644	120,074	119,561
-	-	-	-	-	268,745 [7]	239,060
-	-	-	-	-	6,326 [7]	6,328
89,961,317	94,109,256	99,988,581	98,545,733	99,657,606	104,217,790	101,604,127
33,809,181	32,561,865	33,276,914	39,257,585	41,620,408	43,552,521	41,071,837
35,134,907	67,690,312	64,285,665	70,047,258	101,568,085	100,733,520	109,565,516
56,956,625	47,690,502	65,916,303	50,464,834	26,833,674	20,831,732	19,148,564
2,300,000	2,315,000	2,333,000	1,380,000	1,630,000	2,300,000	1,545,659
-	-	-	61,076 [8]	107,402	115,486	140,232
-	-	-	4,961 [8]	41,616	47,892	18,859

AVERAGE COUNT OF STATE EMPLOYEES BY FUNCTION AND AVERAGE MONTHLY EMPLOYEE SALARY
Last Ten Fiscal Years

	2017-18	2016-17	2015-16	2014-15
General Government	3,320	3,238	3,102	3,005
Business, Community, and Consumer Affairs	2,741	2,756	2,451	2,441
Education	45,884	43,762	42,494	42,767
Health and Rehabilitation	4,147	4,122	4,023	4,007
Justice	14,192	14,076	13,974	13,760
Natural Resources	1,611	1,619	1,623	1,599
Social Assistance	1,672	1,661	1,810	1,766
Transportation	3,011	3,018	3,006	3,024
TOTAL AVERAGE EMPLOYMENT	76,578	74,252	72,483	72,369
TOTAL CLASSIFIED	31,133	31,159	31,102	31,246
AVERAGE MONTHLY SALARY	$ 4,650	$ 4,554	$ 4,539	$ 4,502
TOTAL NON-CLASSIFIED	45,445	43,093	41,381	41,123
AVERAGE MONTHLY SALARY	$ 6,980	$ 6,872	$ 6,691	$ 6,306

- Classified employees are those holding positions within the State Personnel System. Non-classified employees are excluded from the State Personnel System and are 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 in the Department of Higher Education.
- For each State agency, the average salary For full-time employees was divided into the part-time employee payroll amount to determine the average employee count. average salary was computed as total classified or nonclassified salary divided by related average employee count.

2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
3,092	2,958	3,042	2,991	2,399	2,454
2,482	2,420	2,404	2,458	2,564	2,437
41,501	40,218	39,097	38,038	37,093	36,042
3,990	3,931	3,953	3,965	4,019	3,944
13,416	13,123	13,149	13,093	12,848	13,000
1,579	1,586	1,597	1,579	1,607	1,587
1,731	1,633	1,605	1,579	1,704	1,671
3,032	3,029	3,024	2,988	3,091	3,400
70,823	68,898	67,871	66,691	65,325	64,535
31,284	31,504	32,449	32,927	32,799	32,820
$ 4,391	$ 4,283	$ 4,314	$ 4,324	$ 4,367	$ 4,390
39,539	37,394	35,422	33,764	32,526	31,715
$ 6,140	$ 5,953	$ 5,840	$ 5,786	$ 5,735	$ 5,723

COLORADO STATE HIGHWAY SYSTEM
CENTERLINE AND LANE MILES
2007 TO 2017

Mileage Type	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
CenterLine Miles[1]											
Urban	1,510	1,510	1,523	1,523	1,385	1,385	1,385	1,389	1,398	1,400	1,398
Rural	7,578	7,578	7,580	7,580	7,718	7,720	7,720	7,720	7,748	7,744	7,736
TOTAL CENTERLINE MILES	9,088	9,088	9,103	9,103	9,103	9,105	9,105	9,109	9,146	9,144	9,134
Percent Change	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	0.0%	0.1%	-0.3%
Lane Miles[2]											
Urban	5,808	5,742	5,771	5,771	5,326	5,330	5,330	5,327	5,352	5,238	5,232
Rural	17,245	17,242	17,247	17,247	17,688	17,694	17,693	17,654	17,709	17,798	17,767
TOTAL LANE MILES	23,053	22,984	23,018	23,018	23,014	23,024	23,023	22,981	23,061	23,036	22,999
Percent Change	0.3%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	-0.3%	0.1%	0.2%	-0.5%
Roadways[3]											
Percent Rated Good/Fair	79	79	79	79	79	47	48	48	50	53	59
Percent Rated Poor	21	21	21	21	21	53	52	52	50	47	41
TOTAL PERCENTAGE	100	100	100	100	100	100	100	100	100	100	100

[1]Centerline miles measure roadway miles without accounting for the number of lanes.
[2]Lane miles measure the total distance of all roadway lanes, and are therfore a better indicator of actual maintentance requirements.
[3]In 2013 CDOT changed the overall metric by which pavement condition is measured. The new measure is based on Driveability Life, which identifies how long a pavement will last until the user experience becomes unacceptable.
Source: Department of Transportation

COLORADO STATE-OWNED BRIDGES
BY FUNCTIONAL CLASSIFICATION
2007 to 2018

Functional Classification	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Principal Arterial[1]	1,387	1,390	1,372	1,377	1,114	1,294	1,303	1,299	1,376	1,368	1,341	1,686
Other Principal Arterial	932	931	930	930	1,199	793	791	785	801	794	795	911
Minor Arterial	670	670	666	667	667	747	749	752	759	761	773	802
Collector	383	387	383	390	391	443	442	446	431	426	404	350
Local	79	77	76	75	72	161	162	165	80	80	93	26
TOTAL BRIDGES	3,451	3,455	3,427	3,439	3,443	3,438	3,447	3,447	3,447	3,429	3,406	3,775
Percent Change	-0.1%	0.8%	-0.3%	-0.1%	0.1%	-0.3%	0.0%	0.0%	0.5%	0.7%	-9.8%	0.5%
Percent Rated Poor[2]	4.42	4.90	5.60	5.60	5.70	5.90	3.60	5.53	5.48	5.62	6.21	5.81

[1]Includes Interstate, Expressways, and Freeways.
[2]In 2013 CDOT changed the overall metric for assessing bridges due to Public Law 112-141. The focus is now on Structurally Deficient bridges.

Source: Department of Transportation

BUILDING SQUARE FOOTAGE
OWNED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS / PROGRAMS

Last Ten Years

	2018	Restated 2017	Restated 2016	Restated 2015	Restated 2014	Restated 2013	Restated 2012	Restated 2011	2010	2009	2008
GOVERNMENTAL ACTIVITIES:											
General Government	3,975,641	4,110,351	4,091,577	3,630,949	3,898,443	3,449,893	3,197,325	3,069,547	3,043,068	2,549,944	2,982,413
Business, Community, and Consumer Affairs[1]	1,253,288	1,253,288	1,117,563	1,260,223	1,462,694	1,091,423	980,198	980,198	980,198	981,809	937,389
Education	322,484	322,484	322,484	322,484	327,394	327,394	327,394	326,602	317,894	317,884	317,884
Health and Rehabilitation	1,463,209	1,463,129	1,443,140	1,439,483	1,371,986	1,407,882	1,522,278	1,476,587	1,489,338	1,365,606	1,561,507
Justice	8,852,530	8,763,302	8,743,419	8,633,069	8,797,346	8,170,861	8,428,687	8,404,174	8,398,319	8,103,126	8,047,872
Natural Resources	788,919	775,567	754,116	677,422	454,150	457,366	321,373	1,729,810	1,729,810	1,210,477	1,672,897
Social Assistance	1,834,497	1,834,815	1,828,335	1,821,873	1,794,333	1,791,521	1,787,266	1,836,385	1,824,175	1,700,847	1,351,964
Transportation	4,057,721	3,450,675	3,652,382	3,589,835	3,373,967	3,362,781	3,278,758	3,207,047	3,206,451	2,575,421	2,575,421
BUSINESS-TYPE ACTIVITIES:											
Higher Education	55,616,419	55,858,696	54,075,080	52,070,593	50,215,173	49,016,072	48,013,242	47,701,898	46,277,915	44,026,204	41,437,896
Parks and Wildlife	2,887,423	2,811,609	2,811,609	2,811,609	2,811,609	2,811,609	2,811,609	1,131,841	1,109,004	1,065,240	901,526
TOTAL	81,052,131	80,643,916	78,839,705	76,257,540	74,507,095	71,886,802	70,668,130	69,864,089	68,376,172	63,896,558	61,786,769

Source: Colorado Office of the State Architect

[1] - Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

BUILDING SQUARE FOOTAGE
LEASED BY THE PRIMARY GOVERNMENT
BY FUNCTIONS / PROGRAMS

Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Restated 2008
GOVERNMENTAL ACTIVITIES:											
General Government	175,427	153,470	153,470	161,533	169,970	200,900	226,201	210,576	276,602	288,210	199,967
Business, Community, and Consumer Affairs[1]	635,899	640,803	623,742	597,583	604,185	597,182	575,591	585,944	517,447	515,708	508,439
Education	54,765	58,819	53,827	51,749	47,926	47,645	39,804	31,999	28,531	19,440	9,396
Health and Rehabilitation	470,748	477,717	473,440	498,721	475,010	473,230	465,649	458,959	455,218	420,272	434,469
Justice	473,032	525,493	453,320	343,665	412,286	310,551	321,920	463,506	857,026	868,060	850,185
Natural Resources	79,055	78,909	74,016	75,134	91,162	78,937	73,375	81,926	65,735	73,546	49,495
Social Assistance	96,465	99,256	99,256	110,867	74,451	61,001	51,404	56,881	55,801	34,459	28,963
BUSINESS-TYPE ACTIVITIES:											
Higher Education	1,436,583	1,404,972	1,309,490	1,303,315	1,613,516	1,530,285	1,536,160	1,358,597	1,199,672	1,243,524	1,294,663
CollegeInvest	9,126	9,164	9,597	9,642	11,397	11,397	7,517	8,544	18,983	15,318	15,318
Lottery	67,327	67,327	67,327	71,104	71,104	71,104	74,104	66,684	59,915	61,682	61,682
Parks and Wildlife	70,058	83,036	76,448	76,448	76,448	76,448	79,112	73,064	73,064	15,267	75,944
College Assist	9,126	9,396	10,164	10,246	8,825	8,825	8,825	10,139	12,807	12,807	12,807
TOTAL	3,577,611	3,608,362	3,404,097	3,310,007	3,656,279	3,467,505	3,459,662	3,406,819	3,620,801	3,568,293	3,541,328

Source: Colorado Office of the State Architect

[1] - Building information for Unemployment Insurance (a business-type activity) cannot be segregated from the Colorado Department of Labor and Employment which is included in Business, Community, and Consumer Affairs.

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. However, they do 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 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 of Colorado, and selects Colorado City as the territorial capital.

1867 Denver is established as the permanent seat of the territorial government by the legislature meeting in Golden.

1870 The Denver Pacific Railroad is completed to Denver.

1876 Colorado is admitted to the Union as the 38th state. John L. Routt is elected the first governor.

1877 The University of Colorado opens classes at Boulder with two teachers and forty-four students.

1894 The State Capitol Building, designed by Elijah E. Meyers, 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.

1992 TABOR amendment is added to the State Constitution.

Geography

Area: 103,718 square miles.

Highest Elevation: Mt Elbert – 14,433 feet above sea level.

Lowest Elevation: Along the Arikaree River in Yuma County – 3,315 feet above sea level.

Colorado has the highest average elevation of all fifty states – 6,800 feet above sea level.

State Symbols and Emblems

State Motto – Nil Sine Numine – Nothing Without the Deity

State Nickname – Centennial State

State Animal – Rocky Mountain Bighorn Sheep

State Bird – Lark Bunting

State Fish – Greenback Cutthroat Trout

State Flower – White and Lavender Columbine

State Folk Dance – Square Dance

State Fossil – Stegosaurus

State Pet – Shelter and Rescue Dog and Cat

State Songs – "Where the Columbines Grow" and "Rocky Mountain High"

State Gemstone – Aquamarine

State Grass – Blue Grama Grass

State Insect – Colorado Hairstreak Butterfly

State Mineral – Rhodochrosite

State Reptile – Western Painted Turtle

State Amphibian – Western Tiger Salamander

State Rock – Yule Marble

State Tree – Colorado Blue Spruce

State Cactus – Claret Cup

State of COLORADO

Basic Financial Statements

For The Fiscal Year Ended June 30, 2019

COLORADO
Office of the State Controller
Department of Personnel & Administration
1525 Sherman St., 5th Floor
Denver, CO 80203

September 20, 2019

The Honorable Jared Polis
Governor
State of Colorado

The Honorable KC Becker
Speaker of the House
Colorado General Assembly

The Honorable Leroy Garcia
President of the Senate
Colorado General Assembly

Dear Madam and Sirs:

The attached Basic Financial Statements for the State of Colorado for the fiscal year ended June 30, 2019 are provided to you in accordance with Section 24-30-204, C.R.S. The Basic Financial Statements are preliminary and unaudited. Please note the following departures from Generally Accepted Accounting Principles (GAAP) contained in these Statements:

- **Component Unit** Financial Statements and related Note disclosures were omitted from the Basic Financial Statements.

- The **Management's Discussion & Analysis** is supplemental information required by the Governmental Accounting Standards Board, but is not included as part of the Basic Financial Statements.

- The table displaying changes in long-term liabilities in **Note 12** does not distinguish between direct vs. non-direct placements and borrowings in accordance with GASB Statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

The following other information is not part of these Basic Financial Statements, but does not constitute a departure from GAAP:

- **Introductory Section** – includes the Letter of Transmission, Certificate of Achievement, and Organization Chart.

- **Supplementary Information** – includes Combining Statements, Non-appropriated Budget and Actual Statements, and the Schedules of TABOR Revenue and Computations.

- **Statistical Section** – includes Financial Trends, Revenue and Debt Capacity, Demographic and Economic Information, and Operating Information.

The OSC will include all items noted above as part of the issuance of the final audited State's Comprehensive Annual Financial Report, scheduled for December 2019. If you have questions, please feel free to contact me.

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

CC: Dianne Ray, State Auditor
Kara Veitch, Executive Director – Department of Personnel and Administration

Attachment

STATE OF COLORADO
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION:

STATEMENT OF NET POSITION
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 3,621,059	$ 3,180,897	$ 6,801,956
Investments	-	1,865,774	1,865,774
Taxes Receivable, net	1,722,496	115,535	1,838,031
Other Receivables, net	708,189	770,399	1,478,588
Due From Other Governments	468,768	172,244	641,012
Internal Balances	43,557	(43,557)	-
Due From Component Units	19	28,175	28,194
Inventories	101,161	58,481	159,642
Prepaids, Advances and Deposits	90,371	41,822	132,193
Total Current Assets	6,755,620	6,189,770	12,945,390
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	1,779,967	222,501	2,002,468
Restricted Investments	1,098,543	170,760	1,269,303
Restricted Receivables	445,384	39,570	484,954
Investments	1,177,035	1,281,858	2,458,893
Other Long-Term Assets	758,544	109,617	868,161
Depreciable Capital Assets and Infrastructure, net	10,099,139	8,341,557	18,440,696
Land and Nondepreciable Capital Assets	2,121,606	1,952,976	4,074,582
Total Noncurrent Assets	17,480,218	12,118,839	29,599,057
TOTAL ASSETS	24,235,838	18,308,609	42,544,447
DEFERRED OUTFLOW OF RESOURCES:	4,421,051	941,961	5,363,012

(continued)

LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	927,857	-	927,857
Accounts Payable and Accrued Liabilities	1,318,546	703,066	2,021,612
TABOR Refund Liability (Note 2B)	428,477	-	428,477
Due To Other Governments	283,432	73,297	356,729
Due To Component Units	-	206	206
Unearned Revenue	150,512	351,010	501,522
Accrued Compensated Absences	14,076	27,279	41,355
Claims and Judgments Payable	42,298	1,581	43,879
Leases Payable	26,162	6,420	32,582
Notes, Bonds, and COPs Payable	56,640	195,289	251,929
Other Current Liabilities	31,020	323,875	354,895
Total Current Liabilities	3,279,020	1,682,023	4,961,043
Noncurrent Liabilities:			
Deposits Held In Custody For Others	584	25	609
Accrued Compensated Absences	166,618	350,532	517,150
Claims and Judgments Payable	168,190	42,390	210,580
Capital Lease Payable	97,438	39,542	136,980
Derivative Instrument Liability	-	14,193	14,193
Notes, Bonds, and COPs Payable	2,124,370	4,749,374	6,873,744
Due to Component Units	-	1,798	1,798
Net Pension Liability	9,377,357	4,237,209	13,614,566
Other Postemployment Benefits	284,264	1,015,792	1,300,056
Other Long-Term Liabilities	245,213	105,108	350,321
Total Noncurrent Liabilities	12,464,034	10,555,963	23,019,997
TOTAL LIABILITIES	15,743,054	12,237,986	27,981,040
DEFERRED INFLOW OF RESOURCES:	4,997,905	2,492,421	7,490,326
NET POSITION:			
Net investment in Capital Assets:	10,309,903	5,867,413	16,177,316
Restricted for:			
Construction and Highway Maintenance	954,461	-	954,461
Education	203,648	452,711	656,359
Unemployment Insurance	-	1,258,552	1,258,552
Debt Service	141,506	63,286	204,792
Emergencies	191,245	34,000	225,245
Permanent Funds and Endowments:			
Expendable	10,651	173,553	184,204
Nonexpendable	1,291,071	83,198	1,374,269
Other Purposes	1,042,422	65,961	1,108,383
Unrestricted	(6,228,977)	(3,478,511)	(9,707,488)
TOTAL NET POSITION	$ 7,915,930	$ 4,520,163	$ 12,436,093

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	Expenses		Program Revenues		
Functions/Programs	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 1,539,736	$ (24,211)	$ 180,335	$ 281,140	$ 313
Business, Community, and Consumer Affairs	732,541	2,399	161,253	298,891	-
Education	6,474,082	1,740	29,915	650,597	-
Health and Rehabilitation	910,789	1,486	88,767	497,872	-
Justice	1,965,379	5,063	287,709	148,960	62
Natural Resources	94,111	1,127	190,485	143,047	162
Social Assistance	8,583,941	5,227	168,043	4,574,485	-
Transportation	1,873,636	1,802	499,977	227,314	427,795
Interest on Debt	109,075	-	-	-	-
Total Governmental Activities	22,283,290	(5,367)	1,606,484	6,822,306	428,332
Business-Type Activities:					
Higher Education	7,126,161	3,273	5,234,694	2,314,336	59,527
Healthcare Affordability	3,414,018	-	996,252	2,431,705	-
Unemployment Insurance	384,598	594	548,976	38,395	-
Lottery	579,925	883	680,733	2,319	-
Parks and Wildlife	184,762	108	190,014	45,194	163
College Assist	241,359	509	20	264,305	-
Other Business-Type Activities	204,675	-	292,124	61,827	-
Total Business-Type Activities	12,135,498	5,367	7,942,813	5,158,081	59,690
Total Primary Government	34,418,788	-	9,549,297	11,980,387	488,022

General Revenues:
Taxes:
Sales and Use Taxes
Excise Taxes
Individual Income Tax
Corporate Income Tax
Other Taxes
Restricted for Education:
Individual Income Tax
Corporate and Fiduciary Income Tax
Restricted for Transportation:
Fuel Taxes
Other Taxes
Unrestricted Investment Earnings (Losses)
Other General Revenues
(Transfers-Out) / Transfers-In
Internal Capital Contributions
Permanent Fund Additions
Total General Revenues, Special Items, and Transfers

Change in Net Position

Net Position - Fiscal Year Beginning
Net Position - Fiscal Year Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (1,053,737)	$ -	$ (1,053,737)
(274,796)	-	(274,796)
(5,795,310)	-	(5,795,310)
(325,636)	-	(325,636)
(1,533,711)	-	(1,533,711)
238,456	-	238,456
(3,846,640)	-	(3,846,640)
(720,352)	-	(720,352)
(109,075)	-	(109,075)
(13,420,801)	-	(13,420,801)
-	479,123	479,123
-	13,939	13,939
-	202,179	202,179
-	102,244	102,244
-	50,501	50,501
-	22,457	22,457
-	149,276	149,276
-	1,019,719	1,019,719
(13,420,801)	1,019,719	(12,401,082)
3,632,282	-	3,632,282
301,292	-	301,292
7,508,453	-	7,508,453
963,380	-	963,380
705,986	-	705,986
626,015	-	626,015
66,785	-	66,785
654,887	-	654,887
363	-	363
30,196	-	30,196
95,051	-	95,051
(278,978)	278,978	-
-	50,559	50,559
1,062	-	1,062
14,306,774	329,537	14,636,311
885,973	1,349,256	2,235,229
7,029,957	3,170,907	10,200,864
$ 7,915,930	$ 4,520,163	$ 12,436,093

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 1,045,204	$ 2,519,038	$ 3,564,242
Taxes Receivable, net	1,934,123	38,788	1,972,911
Other Receivables, net	531,319	158,192	689,511
Due From Other Governments	413,744	54,878	468,622
Due From Other Funds	58,619	33,565	92,184
Due From Component Units	19	-	19
Inventories	9,944	90,323	100,267
Prepaids, Advances and Deposits	38,659	43,041	81,700
Restricted Assets:			
Restricted Cash and Pooled Cash	379,564	1,400,403	1,779,967
Restricted Investments	-	1,098,543	1,098,543
Restricted Receivables	1,166	444,218	445,384
Investments	349,143	827,892	1,177,035
Other Long-Term Assets	4,703	502,525	507,228
TOTAL ASSETS	$ 4,766,207	$ 7,211,406	$ 11,977,613
DEFERRED OUTFLOW OF RESOURCES:	-	1,948	1,948
LIABILITIES:			
Tax Refunds Payable	$ 927,722	$ 135	$ 927,857
Accounts Payable and Accrued Liabilities	867,348	416,528	1,283,876
TABOR Refund Liability (Note 2B)	428,477	-	428,477
Due To Other Governments	154,557	128,874	283,431
Due To Other Funds	18,599	29,934	48,533
Unearned Revenue	33,169	113,465	146,634
Compensated Absences Payable	-	10	10
Claims and Judgments Payable	737	325	1,062
Other Current Liabilities	22,227	3,394	25,621
Deposits Held In Custody For Others	533	51	584
TOTAL LIABILITIES	2,453,369	692,716	3,146,085
DEFERRED INFLOW OF RESOURCES:	245,905	5,642	251,547
FUND BALANCES:			
Nonspendable:			
Long-term Portion of Interfund Loans Receivable	-	13	13
Inventories	9,944	90,323	100,267
Permanent Fund Principal	-	1,274,846	1,274,846
Prepaids	38,547	43,041	81,588
Restricted	814,658	1,501,797	2,316,455
Committed	1,114,406	3,604,976	4,719,382
Assigned	33,264	-	33,264
Unassigned	56,114	-	56,114
TOTAL FUND BALANCES	2,066,933	6,514,996	8,581,929
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,788,905	$ 7,213,354	$ 12,002,259

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

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET POSITION
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET POSITION TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 3,564,242	$ 56,811	$ -	$ -	$ -	$ 6	$ -	$ 3,621,059
Taxes Receivable, net	1,972,911	-	-	-	-	(250,415)	-	1,722,496
Other Receivables, net	689,511	1,288	-	-	-	17,390	-	708,189
Due From Other Governments	468,622	146	-	-	-	-	-	468,768
Due From Other Funds	92,184	277	-	-	-	-	(92,461)	-
Internal Balances	-	-	-	-	-	-	43,557	43,557
Due From Component Units	19	-	-	-	-	-	-	19
Inventories	100,267	894	-	-	-	-	-	101,161
Prepaids, Advances and Deposits	81,700	8,671	-	-	-	-	-	90,371
Total Current Assets	6,969,456	68,087	-	-	-	(233,019)	(48,904)	6,755,620
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,779,967	-	-	-	-	-	-	1,779,967
Restricted Investments	1,098,543	-	-	-	-	-	-	1,098,543
Restricted Receivables	445,384	-	-	-	-	-	-	445,384
Investments	1,177,035	-	-	-	-	-	-	1,177,035
Other Long-Term Assets	507,228	-	-	-	-	251,316	-	758,544
Depreciable Capital Assets and Infrastructure, net	-	128,872	9,970,267	-	-	-	-	10,099,139
Land and Nondepreciable Capital Assets	-	311	2,121,295	-	-	-	-	2,121,606
Total Noncurrent Assets	5,008,157	129,183	12,091,562	-	-	251,316	-	17,480,218
TOTAL ASSETS	11,977,613	197,270	12,091,562	-	-	18,297	(48,904)	24,235,838
DEFERRED OUTFLOW OF RESOURCES:	1,948	70,923	-	4,348,180	-	-	-	4,421,051
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	927,857	-	-	-	-	-	-	927,857
Accounts Payable and Accrued Liabilities	1,283,876	27,567	-	6,878	-	-	225	1,318,546
TABOR Refund Liability (Note 2B)	428,477	-	-	-	-	-	-	428,477
Due To Other Governments	283,431	1	-	-	-	-	-	283,432
Due To Other Funds	48,533	596	-	-	-	-	(49,129)	-
Unearned Revenue	146,634	3,975	-	-	-	(97)	-	150,512
Compensated Absences Payable	10	1,414	-	-	-	12,652	-	14,076
Claims and Judgments Payable	1,062	-	-	-	33,234	8,002	-	42,298
Leases Payable	-	21,823	-	4,339	-	-	-	26,162
Notes, Bonds, and COPs Payable	-	-	-	56,640	-	-	-	56,640
Other Current Liabilities	25,621	242	-	-	-	5,157	-	31,020
Total Current Liabilities	3,145,501	55,618	-	67,857	33,234	25,714	(48,904)	3,279,020
Noncurrent Liabilities:								
Deposits Held In Custody For Others	584	-	-	-	-	-	-	584
Accrued Compensated Absences	-	10,093	-	-	-	156,525	-	166,618
Claims and Judgments Payable	-	-	-	-	107,052	61,138	-	168,190
Capital Lease Payable	-	73,078	-	24,360	-	-	-	97,438
Notes, Bonds, and COPs Payable	-	-	-	2,124,370	-	-	-	2,124,370
Net Pension Liability	-	405,718	-	-	-	8,971,639	-	9,377,357
Other Postemployment Benefits	-	16,145	-	-	-	268,119	-	284,264
Other Long-Term Liabilities	-	-	-	-	-	245,213	-	245,213
Total Noncurrent Liabilities	584	505,034	-	2,148,730	107,052	9,702,634	-	12,464,034
TOTAL LIABILITIES	3,146,085	560,652	-	2,216,587	140,286	9,728,348	(48,904)	15,743,054
DEFERRED INFLOW OF RESOURCES:	251,547	214,026	-	-	-	4,532,332	-	4,997,905
NET POSITION:								
Net investment in Capital Assets:	-	34,282	12,091,562	(1,815,941)	-	-	-	10,309,903
Restricted for:								
Construction and Highway Maintenance	954,461	-	-	-	-	-	-	954,461
Education	203,648	-	-	-	-	-	-	203,648
Debt Service	141,506	-	-	-	-	-	-	141,506
Emergencies	191,245	-	-	-	-	-	-	191,245
Permanent Funds and Endowments:								
Expendable	10,651	-	-	-	-	-	-	10,651
Nonexpendable	1,291,071	-	-	-	-	-	-	1,291,071
Other Purposes	1,042,422	-	-	-	-	-	-	1,042,422
Unrestricted	4,746,925	(540,767)	-	3,947,534	(140,286)	(14,242,383)	-	(6,228,977)
TOTAL NET POSITION	$ 8,581,929	$ (506,485)	$ 12,091,562	$ 2,131,593	$ (140,286)	$ (14,242,383)	$ -	$ 7,915,930

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

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

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

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

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

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

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

(E) Other measurement focus adjustments include:

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:			
Taxes:			
Individual and Fiduciary Income	$ 7,330,719	$ 628,715	$ 7,959,434
Corporate Income	855,707	64,085	919,792
Sales and Use	3,592,176	41,112	3,633,288
Excise	103,145	849,676	952,821
Other Taxes	315,175	422,111	737,286
Licenses, Permits, and Fines	36,625	832,030	868,655
Charges for Goods and Services	87,115	315,531	402,646
Rents	206	174,877	175,083
Investment Income (Loss)	95,406	256,902	352,308
Federal Grants and Contracts	5,872,742	807,189	6,679,931
Additions to Permanent Funds	-	1,062	1,062
Unclaimed Property Receipts	-	47,144	47,144
Other	210,235	215,356	425,591
TOTAL REVENUES	18,499,251	4,655,790	23,155,041
EXPENDITURES:			
Current:			
General Government	244,655	132,032	376,687
Business, Community, and Consumer Affairs	177,815	315,638	493,453
Education	822,416	88,880	911,296
Health and Rehabilitation	702,875	142,686	845,561
Justice	1,594,432	376,859	1,971,291
Natural Resources	41,003	86,700	127,703
Social Assistance	7,306,112	232,940	7,539,052
Transportation	-	1,297,949	1,297,949
Capital Outlay	127,499	110,601	238,100
Intergovernmental:			
Cities	112,600	389,924	502,524
Counties	1,495,002	420,559	1,915,561
School Districts	4,850,152	743,788	5,593,940
Special Districts	66,722	93,736	160,458
Federal	86	1,442	1,528
Other	184,009	63,966	247,975
Debt Service	83,563	96,813	180,376
TOTAL EXPENDITURES	17,808,941	4,594,513	22,403,454
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	690,310	61,277	751,587
OTHER FINANCING SOURCES (USES):			
Transfers-In	465,261	1,378,137	1,843,398
Transfers-Out	(1,349,355)	(768,218)	(2,117,573)
Face Amount of Bond/COP Issuance	240,425	-	240,425
Bond/COP Premium/Discount	12,456	544,154	556,610
Capital Lease Proceeds	528	-	528
Sale of Capital Assets	-	24,155	24,155
Insurance Recoveries	556	1,397	1,953
TOTAL OTHER FINANCING SOURCES (USES)	(630,129)	1,179,625	549,496
NET CHANGE IN FUND BALANCES	60,181	1,240,902	1,301,083
FUND BALANCE, FISCAL YEAR BEGINNING	2,006,752	5,342,612	7,349,364
Prior Period Adjustment (See Note 15A)	-	(68,518)	(68,518)
Accounting Changes (See Note 15B)	-	-	-
FUND BALANCE, FISCAL YEAR END	$ 2,066,933	$ 6,514,996	$ 8,581,929

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

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES RECONCILED TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		(A)	(B)	(C)	(D)	
(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	INTERNAL SERVICE FUNDS	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	OTHER MEASUREMENT FOCUS ADJUSTMENTS	STATEMENT OF ACTIVITIES TOTALS
REVENUES:						
Taxes:						
Individual and Fiduciary Income	$ 7,959,434	$ -	$ -	$ -	$ 177,734	$ 8,137,168
Corporate Income	919,792	-	-	-	107,673	1,027,465
Sales and Use	3,633,288	-	-	-	(1,007)	3,632,281
Excise	952,821	-	-	-	3,358	956,179
Other Taxes	737,286	-	-	-	3,153	740,439
Licenses, Permits, and Fines	868,655	-	-	-	(548)	868,107
Charges for Goods and Services	402,646	-	-	-	(12)	402,634
Rents	175,083	-	-	-	-	175,083
Investment Income (Loss)	352,308	917	-	-	(9)	353,216
Federal Grants and Contracts	6,679,931	-	-	-	-	6,679,931
Additions to Permanent Funds	1,062	-	-	-	-	1,062
Unclaimed Property Receipts	47,144	-	-	-	-	47,144
Other	425,591	-	-	-	(87)	425,504
TOTAL REVENUES	23,155,041	917	-	-	290,255	23,446,213
EXPENDITURES:						
Current:						
General Government	376,687	(9,508)	22,871	-	(42,571)	347,479
Business, Community, and Consumer Affairs	493,453	(8,000)	2,947	-	(54,016)	434,384
Education	911,296	(608)	41,554	-	(24,033)	928,209
Health and Rehabilitation	845,561	(2,349)	29,713	-	(98,720)	774,205
Justice	1,971,291	(7,625)	47,582	-	(335,909)	1,675,339
Natural Resources	127,703	(3,367)	2,515	-	(16,342)	110,509
Social Assistance	7,539,052	(13,894)	19,697	-	(20,528)	7,524,327
Transportation	1,297,949	(3,791)	345,931	-	(82,584)	1,557,505
Capital Outlay	238,100	-	(590,740)	-	-	(352,640)
Intergovernmental:						
Cities	502,524	-	-	-	-	502,524
Counties	1,915,561	-	-	-	-	1,915,561
School Districts	5,593,940	-	-	-	726,802	6,320,742
Special Districts	160,458	-	-	-	25,522	185,980
Federal	1,528	-	-	-	-	1,528
Other	247,975	-	-	-	-	247,975
Debt Service	180,376	2,423	-	(64,871)	-	117,928
TOTAL EXPENDITURES	22,403,454	(46,719)	(77,930)	(64,871)	77,621	22,291,555
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	751,587	47,636	77,930	64,871	212,634	1,154,658
OTHER FINANCING SOURCES (USES):						
Transfers-In	1,843,398	4,276	-	-	-	1,847,674
Transfers-Out	(2,117,573)	(6,640)	-	-	-	(2,124,213)
Face Amount of Bond/COP Issuance	240,425	-	-	(784,579)	-	(544,154)
Bond/COP Premium/Discount	556,610	-	-	(6,888)	-	549,722
Capital Lease Proceeds	528	-	-	-	-	528
Sale of Capital Assets	24,155	-	(26,700)	-	-	(2,545)
Insurance Recoveries	1,953	-	-	-	-	1,953
TOTAL OTHER FINANCING SOURCES (USES)	549,496	(2,364)	(26,700)	(791,467)	-	(271,035)
Internal Service Fund Charges to BTAs	-	2,350	-	-	-	2,350
NET CHANGE FOR THE YEAR	1,301,083	47,622	51,230	(726,596)	212,634	885,973
Prior Period Adjustment (See Note 15A)	(68,518)	-	-	-	68,518	-
Accounting Changes (See Note 15B)	-	-	-	-	-	-
TOTAL CHANGE FOR THE CURRENT YEAR	$ 1,232,565	$ 47,622	$ 51,230	$ (726,596)	$ 281,152	$ 885,973

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

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

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

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

(B) The following adjustments relate to capital assets:

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

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

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

(D) Other measurement focus adjustments include:

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS: HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISES	TOTAL	GOVERNMENTAL ACTIVITIES: INTERNAL SERVICE FUNDS
ASSETS:					
Current Assets:					
Cash and Pooled Cash	$ 1,240,745	$ 36,765	$ 1,903,387	$ 3,180,897	$ 56,811
Investments	1,865,419	-	355	1,865,774	-
Premiums/Taxes Receivable, net	-	-	115,535	115,535	-
Student and Other Receivables, net	558,330	153,347	58,714	770,391	1,288
Due From Other Governments	142,832	1,851	27,561	172,244	146
Due From Other Funds	10,854	-	9,863	20,717	277
Due From Component Units	28,175	-	-	28,175	-
Inventories	43,491	-	14,990	58,481	894
Prepaids, Advances and Deposits	32,421	-	9,401	41,822	8,671
Total Current Assets	3,922,267	191,963	2,139,806	6,254,036	68,087
Noncurrent Assets:					
Restricted Cash and Pooled Cash	144,101	-	78,400	222,501	-
Restricted Investments	170,760	-	-	170,760	-
Restricted Receivables	-	-	39,570	39,570	-
Investments	1,250,772	-	31,086	1,281,858	-
Other Long-Term Assets	108,179	-	1,438	109,617	-
Depreciable Capital Assets and Infrastructure, net	7,093,592	-	1,247,965	8,341,557	128,872
Land and Nondepreciable Capital Assets	964,855	-	988,121	1,952,976	311
Total Noncurrent Assets	9,732,259	-	2,386,580	12,118,839	129,183
TOTAL ASSETS	13,654,526	191,963	4,526,386	18,372,875	197,270
DEFERRED OUTFLOW OF RESOURCES:	839,058	11,976	90,927	941,961	70,923
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	460,181	123,772	106,537	690,490	27,567
TABOR Refund Liability (Note 2B)	-	-	-	-	-
Due To Other Governments	-	41,684	31,613	73,297	1
Due To Other Funds	4,973	7,726	45,298	57,997	596
Due To Component Units	206	-	-	206	-
Unearned Revenue	294,427	-	56,583	351,010	3,975
Compensated Absences Payable	25,852	3	1,424	27,279	1,414
Claims and Judgments Payable	1,581	-	-	1,581	-
Leases Payable	6,122	-	298	6,420	21,823
Notes, Bonds, and COPs Payable	194,739	-	550	195,289	-
Other Current Liabilities	272,358	-	51,517	323,875	242
Total Current Liabilities	1,260,439	173,185	293,820	1,727,444	55,618
Noncurrent Liabilities:					
Due to Other Funds	-	-	18,845	18,845	-
Deposits Held In Custody For Others	-	-	25	25	-
Accrued Compensated Absences	336,438	39	14,055	350,532	10,093
Claims and Judgments Payable	42,390	-	-	42,390	-
Capital Lease Payable	37,801	-	1,741	39,542	73,078
Derivative Instrument Liability	14,193	-	-	14,193	-
Notes, Bonds, and COPs Payable	4,223,399	-	525,975	4,749,374	-
Due to Component Units	1,798	-	-	1,798	-
Net Pension Liability	3,745,430	14,733	477,046	4,237,209	405,718
Other Postemployment Benefits	995,817	328	19,647	1,015,792	16,145
Other Long-Term Liabilities	62,585	-	42,523	105,108	-
Total Noncurrent Liabilities	9,459,851	15,100	1,099,857	10,574,808	505,034
TOTAL LIABILITIES	10,720,290	188,285	1,393,677	12,302,252	560,652
DEFERRED INFLOW OF RESOURCES:	2,089,605	7,616	395,200	2,492,421	214,026
NET POSITION:					
Net investment in Capital Assets:	4,086,678	-	1,780,735	5,867,413	34,282
Restricted for:					
Education	452,711	-	-	452,711	-
Unemployment Insurance	-	-	1,258,552	1,258,552	-
Debt Service	28,098	-	35,188	63,286	-
Emergencies	-	-	34,000	34,000	-
Permanent Funds and Endowments:					
Expendable	173,553	-	-	173,553	-
Nonexpendable	83,198	-	-	83,198	-
Other Purposes	-	-	65,961	65,961	-
Unrestricted	(3,140,549)	8,038	(346,000)	(3,478,511)	(540,767)
TOTAL NET POSITION	$ 1,683,689	$ 8,038	$ 2,828,436	$ 4,520,163	$ (506,485)

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISES
OPERATING REVENUES:			
Unemployment Insurance Premiums	$ -	$ -	$ 546,650
License and Permits	-	-	144,535
Tuition and Fees	3,181,010	-	1,863
Scholarship Allowance for Tuition and Fees	(687,648)	-	-
Sales of Goods and Services	2,576,845	996,252	913,651
Scholarship Allowance for Sales of Goods & Services	(26,716)	-	-
Investment Income (Loss)	1,206	-	11,586
Rental Income	16,612	-	2,692
Gifts and Donations	44,877	-	-
Federal Grants and Contracts	1,190,667	2,430,353	357,162
Intergovernmental Revenue	6,473	-	32,180
Other	431,624	-	6,663
TOTAL OPERATING REVENUES	6,734,950	3,426,605	2,016,982
OPERATING EXPENSES:			
Salaries and Fringe Benefits	4,595,850	42,232	177,862
Operating and Travel	1,669,597	3,353,640	808,127
Cost of Goods Sold	140,211	-	54,481
Depreciation and Amortization	458,717	-	37,267
Intergovernmental Distributions	34,332	18,144	14,497
Debt Service	-	-	12,806
Prizes and Awards	467	-	417,862
TOTAL OPERATING EXPENSES	6,899,174	3,414,016	1,522,902
OPERATING INCOME (LOSS)	(164,224)	12,589	494,080
NONOPERATING REVENUES AND (EXPENSES):			
Taxes	-	-	34,846
Fines and Settlements	168	-	3,324
Investment Income (Loss)	245,447	1,352	50,344
Rental Income	26,878	-	13,756
Gifts and Donations	255,243	-	4,780
Intergovernmental Distributions	(30,046)	-	(68,494)
Federal Grants and Contracts	277,880	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(2,109)	-	1,367
Insurance Recoveries from Prior Year Impairments	295	-	113
Debt Service	(190,733)	-	(7,042)
Other Expenses	(4,931)	-	-
Other Revenues	8,589	-	3
TOTAL NONOPERATING REVENUES (EXPENSES)	586,681	1,352	32,997
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	422,457	13,941	527,077
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:			
Capital Contributions	110,471	-	109
Additions to Permanent Endowments	16	-	-
Transfers-In	375,591	103	29,851
Transfers-Out	(6,836)	(16,408)	(107,116)
TOTAL CONTRIBUTIONS AND TRANSFERS	479,242	(16,305)	(77,156)
CHANGE IN NET POSITION	901,699	(2,364)	449,921
NET POSITION - FISCAL YEAR BEGINNING	781,990	10,402	2,378,515
NET POSITION - FISCAL YEAR ENDING	$ 1,683,689	$ 8,038	$ 2,828,436

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

	GOVERNMENTAL ACTIVITIES
TOTAL	INTERNAL SERVICE FUNDS
$ 546,650	$ -
144,535	-
3,182,873	-
(687,648)	-
4,486,748	428,070
(26,716)	-
12,792	-
19,304	15,967
44,877	-
3,978,182	-
38,653	-
438,287	1,117
12,178,537	445,154
4,815,944	202,160
5,831,364	164,458
194,692	-
495,984	30,480
66,973	-
12,806	-
418,329	29
11,836,092	397,127
342,445	48,027
34,846	-
3,492	4
297,143	917
40,634	-
260,023	-
(98,540)	-
277,880	-
(742)	2,440
408	36
(197,775)	(2,423)
(4,931)	-
8,592	-
621,030	974
963,475	49,001
110,580	985
16	-
405,545	4,276
(130,360)	(6,641)
385,781	(1,380)
1,349,256	47,621
3,170,907	(554,106)
$ 4,520,163	$ (506,485)

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISES
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 2,526,313	$ -	$ 1,898
Fees for Service	2,490,063	856,112	299,122
Receipts for Interfund Services	-	-	10,367
Sales of Products	-	-	736,220
Gifts, Grants, and Contracts	1,808,580	2,450,635	353,826
Loan and Note Repayments	11,189	-	-
Unemployment Insurance Premiums	-	-	548,976
Income from Property	43,490	-	16,505
Other Sources	185,135	-	127,511
Cash Payments to or for:			
Employees	(4,958,756)	(32,808)	(219,755)
Suppliers	(1,608,955)	(3,237,552)	(168,906)
Payments for Interfund Services	-	(1,932)	(33,079)
Sales Commissions and Lottery Prizes	-	-	(7,222)
Unemployment Benefits	-	-	(847,647)
Scholarships	(116,236)	-	-
Others for Student Loans and Loan Losses	(2,368)	-	-
Other Governments	(34,332)	(9,556)	(14,498)
Other	-	(4,540)	(264,486)
Component Unit Cash Flows from Operating Activities	-	-	(445)
NET CASH PROVIDED BY OPERATING ACTIVITIES	344,123	20,359	538,387
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	2,936,905	-	57,359
Transfers-Out	(2,647,232)	(16,408)	(137,783)
Receipt of Deposits Held in Custody	635,790	-	764
Release of Deposits Held in Custody	(632,057)	-	(756)
Gifts and Grants for Other Than Capital Purposes	255,259	-	1,156
Intergovernmental Distributions	(30,046)	-	(68,494)
NonCapital Debt Proceeds	261,010	-	14,733
NonCapital Debt Service Payments	(263,964)	-	(14,733)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	515,665	(16,408)	(147,754)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(663,534)	-	(332,594)
Capital Contributions	117,321	-	-
Capital Gifts, Grants, and Contracts	16,876	-	-
Proceeds from Sale of Capital Assets	(2,479)	-	87,123
Capital Debt Proceeds	(87,726)	-	530
Capital Debt Service Payments	(262,353)	-	(7,767)
Capital Lease Payments	(13,153)	-	(1,255)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(895,048)	-	(253,963)

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

	GOVERNMENTAL ACTIVITIES
TOTALS	INTERNAL SERVICE FUNDS
$ 2,528,211	$ -
3,645,297	2,824
10,367	423,694
736,220	1,258
4,613,041	203
11,189	-
548,976	-
59,995	15,967
312,646	3,760
(5,211,319)	(238,366)
(5,015,413)	(115,147)
(35,011)	(63,228)
(7,222)	(179)
(847,647)	-
(116,236)	-
(2,368)	-
(58,386)	1
(269,026)	(176)
(445)	-
902,869	30,611
2,994,264	2,194
(2,801,423)	(7,333)
636,554	490
(632,813)	(435)
256,415	-
(98,540)	-
275,743	115
(278,697)	(115)
351,503	(5,084)
(996,129)	(478,754)
117,321	-
16,876	-
84,645	475,607
(87,196)	-
(270,120)	(144)
(14,408)	(24,441)
(1,149,011)	(27,732)

(continued)

STATEMENT OF CASH FLOWS, CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISES
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	114,509	723	49,220
Proceeds from Sale/Maturity of Investments	(52,084)	-	25,768
Purchases of Investments	(276,824)	-	(25,356)
Increase(Decrease) from Unrealized Gain(Loss) on Investments	71,185	629	12,702
NET CASH FROM INVESTING ACTIVITIES	(143,214)	1,352	62,334
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(178,474)	5,303	199,004
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,563,320	31,462	1,782,783
CASH AND POOLED CASH, FISCAL YEAR END	1,384,846	36,765	1,981,787
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,384,846	$ 36,765	$ 1,981,787
RECONCILIATION OF OPERATING INCOME TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (164,224)	$ 12,589	494,080
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Provided by Operating Activities:			
Depreciation	458,717	-	37,267
Investment/Rental Income and Other Revenue in Operating Income	-	-	(11,586)
Net Periodic Pension Cost	-	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	312,565	-	56,253
(Gain)/Loss on Disposal of Capital and Other Assets	383	-	-
Compensated Absences Expense	11,987	23	587
Interest and Other Expense in Operating Income	72,564	103	(14,384)
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred			
Inflows Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(86,101)	(116,702)	(23,768)
(Increase) Decrease in Inventories	(3,198)	-	(340)
(Increase) Decrease in Other Operating Assets and Deferred Outflows	8,172	-	(719)
(Increase) Decrease in Pension Deferred Outflow	748,757	(3,475)	87,893
(Increase) Decrease in OPEB Deferred Outflow	(33,088)	(292)	(591)
Increase (Decrease) in Accounts Payable	(5,534)	111,889	14,491
Increase (Decrease) in Pension Liability	(2,856,774)	1,598	(356,189)
Increase (Decrease) in OPEB Liability	76,204	328	809
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	146,328	7,179	43,846
Increase (Decrease) in Pension Deferred Inflow	1,666,593	7,118	210,716
Increase (Decrease) in OPEB Deferred Inflow	(9,228)	1	22
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 344,123	$ 20,359	$ 538,387
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	681	-	59
Capital Assets Acquired by Grants or Donations and Payable Increases	23,969	-	150
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	71,185	629	12,702
Loss on Disposal of Capital and Other Assets	2,900	-	(2,577)
Disposal of Capital Assets	8,672	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	30,580	-	21,114
Assumption of Capital Lease Obligation or Mortgage	-	-	-
Financed Debt Issuance Costs	224	-	-
Other	154,737	-	-
Fair Value Change in Derivative Instrument	14,193	-	-

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

	GOVERNMENTAL ACTIVITIES
TOTALS	INTERNAL SERVICE FUNDS
164,452	240
(26,316)	-
(302,180)	-
84,516	677
(79,528)	917
25,833	(1,288)
3,377,565	58,099
3,403,398	56,811
$ 3,403,398	$ 56,811
$ 342,445	$ 48,027
495,984	30,480
(11,586)	-
-	-
368,818	171
383	-
12,597	557
58,283	3,350
(226,571)	(294)
(3,538)	(218)
7,453	(4,676)
833,175	82,894
(33,971)	(294)
120,846	(10,165)
(3,211,365)	(306,860)
77,341	603
197,353	3,267
1,884,427	183,819
(9,205)	(50)
$ 902,869	$ 30,611
740	959
24,119	-
84,516	-
323	51,547
8,672	-
51,694	661
-	18,000
224	-
154,737	-
14,193	-

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE PURPOSE TRUST	AGENCY
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 83,741	$ 257,188	$ 1,527,644
Taxes Receivable, net	-	-	204,385
Other Receivables, net	2,647	13,761	296
Due From Other Funds	1,110	11,502	201
Due From Component Units	-	-	107
Inventories	-	-	5
Noncurrent Assets:			
Investments:			
Government Securities	5,272	19,150	-
Corporate Bonds	9,217	-	-
Asset Backed Securities	888	-	-
Mortgages	8,499	-	-
Mutual Funds	32,675	8,583,920	-
Other Investments	28,629	142,654	-
Other Long-Term Assets	-	-	8,821
TOTAL ASSETS	172,678	9,028,175	1,741,459
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	3,060
Accounts Payable and Accrued Liabilities	24,874	12,192	803
Due To Other Governments	-	-	369,706
Due To Other Funds	14	6	-
Intrafund Payables	1	-	-
Unearned Revenue	-	10,485	-
Claims and Judgments Payable	20,935	-	69
Other Current Liabilities	-	-	1,334,181
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	5,906	33,026
Accrued Compensated Absences	46	-	-
Other Long-Term Liabilities	-	-	614
TOTAL LIABILITIES	45,870	28,589	$ 1,741,459
NET POSITION:			
Held in Trust for:			
Pension/Benefit Plan Participants	126,808	-	
Individuals, Organizations, and Other Entities	-	8,999,586	
TOTAL NET POSITION	$ 126,808	$ 8,999,586	

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE PURPOSE TRUST
ADDITIONS:		
Additions By Participants	$ -	$ 1,338,108
Member Contributions	86,400	-
Employer Contributions	343,141	-
Investment Income/(Loss)	6,918	525,387
Unclaimed Property Receipts	-	61,285
Other Additions	5,163	3,460
Transfers-In	1,568	37
TOTAL ADDITIONS	443,190	1,928,277
DEDUCTIONS:		
Distributions to Participants	3,305	319,969
Health Insurance Premiums Paid	157,378	-
Health Insurance Claims Paid	228,846	-
Other Benefits Plan Expense	31,893	-
Payments in Accordance with Trust Agreements	-	936,988
Other Deductions	21,122	-
Transfers-Out	224	26
TOTAL DEDUCTIONS	442,768	1,256,983
CHANGE IN NET POSITION	422	671,294
NET POSITION - FISCAL YEAR BEGINNING	127,903	7,618,411
Prior Period Adjustments (Note 15A)	(1,517)	709,881
NET POSITION - FISCAL YEAR ENDING	$ 126,808	$ 8,999,586

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. NEW ACCOUNTING STANDARDS

The following accounting standards were implemented in Fiscal Year 2019:

GASB Statement No. 83- Certain Asset Retirement Obligations. In 2019, the State implemented GASB Statement No.83. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

GASB Statement No. 88- Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings, and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 89- Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement is effective for reporting periods beginning after December 15, 2019, however, the University of Colorado and the Colorado Community College System chose to early implement for Fiscal Year 2018. Additionally, the Metropolitan State University has chosen to early implement for Fiscal Year 2019. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

B. FINANCIAL REPORTING ENTITY

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

Financial accountability is defined in GASB Statement No. 14 – The Financial Reporting Entity, as amended by GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34. The State is financially accountable for those entities for which the State appoints a voting majority of the governing board and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the State.

Blended Component Units:

Some legally separate component units are so intertwined with the State that they are reported as part of the State's fund and government-wide financial statements and are considered blended component units. Those that are identifiable within an enterprise fund with bonds or debt instruments outstanding and a revenue stream pledged in support of that debt are required to be accounted for separately as segments (see Note 18). The following entities are reported as blended component units:

- University Physician's Inc. d/b/a CU Medicine
- University of Colorado Property Construction, Inc. (CUPCO)

Detailed financial information on all component units may be obtained from the following address:

State of Colorado
Office of the State Controller
Financial Reporting and Analysis
1525 Sherman Street, 5th Floor
Denver, CO 80203
303-866-6200

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The government-wide statements report all non-fiduciary activities of the primary government and its component units. Fiduciary activities of the primary government and its component units are excluded from the government-wide statements because those resources are not available to fund the programs of the government. The primary government is further subdivided between governmental activities and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities include proprietary funds financed in whole or in part by fees charged to external parties for goods or services.

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

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

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

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

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

D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND TYPE (MAJOR):

General Fund

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

PROPRIETARY FUND TYPE (MAJOR):

Higher Education Institutions

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

Healthcare Affordability

The Colorado Healthcare Affordability and Sustainability Enterprise Act of 2017, created the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE) as a government-owned business within the Department of

Health Care Policy and Financing to collect a healthcare affordability and sustainability fee from hospitals to provide business services to Colorado hospitals. This fee, not to exceed six percent of net patient revenues, is assessed on hospital providers.

Internal Service Funds

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

FIDUCIARY FUND TYPE:

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

Pension and Other Employee Benefit Trust Funds

In the basic financial statements, the State reports in a single column the activities related to resources being held in trust for (1) members and beneficiaries of the Group Benefits Plan, which provides health, life, dental, and short-term disability benefits to state employees, and (2) the Colorado State University Other Post-Employment Benefit Trust Funds.

Private Purpose Trust Funds

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

Agency Funds

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

PRESENTATION OF INTERNAL BALANCES

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

FUNCTIONAL PRESENTATION OF EXPENDITURES

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

General Government

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

Business, Community, and Consumer Affairs

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

Education

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

Health and Rehabilitation

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

Justice

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

Natural Resources

Department of Natural Resources.

Social Assistance

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

Transportation

Department of Transportation.

E. BASIS OF ACCOUNTING

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND-LEVEL FINANCIAL STATEMENTS

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are measurable and available. The State defines revenues as available if they are expected to be collected within one year. Historical data, adjusted for economic trends, are used to estimate the following revenue accruals:

- Sales, use, liquor, and cigarette taxes are accrued based on filings received and an estimate of filings due at June 30.

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

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

Expenditures are recognized in governmental funds when:

- The related liability is incurred and is due and payable in full (examples include professional services, supplies, utilities, and travel).

- The matured portion of general long-term indebtedness is due and payable (or resources have been designated in the Debt Service Fund and the debt service is payable within thirty days of fiscal year-end).

- The liability has matured and is normally expected to be liquidated with expendable available financial resources.

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

Proprietary and Fiduciary Funds

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

F. ACCOUNTING POLICIES AFFECTING SPECIFIC ASSETS, LIABILITIES, AND NET POSITION

CASH AND POOLED CASH

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

RECEIVABLES

Accounts receivable in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established. Accrued taxes include receivables for taxpayer-assessed taxes where the underlying exchange has occurred in the period ending June 30 or prior, net of applicable estimated refunds and allowances.

INVENTORIES AND PREPAIDS

Inventories of the various State agencies are primarily comprised of finished goods inventories held for resale and consumable items such as office and institutional supplies, fuel, and maintenance items.
Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or fair value. The State uses various valuation methods (FIFO, average cost, etc.) as selected by individual State agencies. The method used in each agency is consistent from year to year.
Consumable inventories that are deemed material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase, while inventories held for resale are expensed at the time of sale.
Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

INVESTMENTS

Investments, including those held by the State Treasurer and reported as pooled cash, include both short and long-term investments. They are stated at fair value, except for certain investments which are measured at their Net Asset Value (see Note 4). Investments that do not have an established market are reported at their estimated fair value. The State Treasurer records investment interest in individual funds based on book yield as adjusted for amortization of investment premiums and discounts.

CAPITAL ASSETS

Depreciable capital assets are reported at historical cost, net of accumulated depreciation, on the government-wide *Statement of Net Position*. Donated capital assets are carried at their estimated acquisition value at the date of donation. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation. Land, certain land improvements, construction in progress, and certain works of art or historical treasures are reported as nondepreciable assets.

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

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

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

Asset Class	Estimated Useful Life
Land Improvements	5 to 50 years
Buildings	3 to 70 years
Leasehold Improvements	2 to 50 years
Vehicles and Equipment	2 to 50 years
Software	2 to 20 years
Library Books & Collections	3 to 20 years
Other Capital Assets	3 to 25 years
Infrastructure	10 to 75 years

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

With the exceptions of the University of Colorado, the Colorado Community College System, and the Metropolitan State University, which early-implemented GASB Statement No. 89, the State capitalizes interest incurred during the construction of capital assets that are reported in enterprise funds.

UNEARNED REVENUE AND DEFERRED INFLOWS

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

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

ACCRUED COMPENSATED ABSENCES LIABILITY

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to the individual's accrued balance on July 1, 1988, plus 360 additional hours. Employees that exceed the limit at June 30 are required to convert five hours of unused sick leave to one hour of annual leave. Employees or their survivors are paid for one-fourth of their unused sick leave upon retirement or death. Annual leave is earned at increasing rates based on employment longevity. No classified employee is allowed to accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100 percent of their annual leave balance upon leaving State service.

Compensated absence liabilities related to the governmental funds are recognized as liabilities of the fund only to the extent that they are due and payable at June 30. For all other fund types, both current and long-term portions are recorded as individual fund liabilities. On the government-wide *Statement of Net Position,* all compensated absence liabilities are reported.

INSURANCE

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

The State insures its property through a combination of self-insurance and commercial insurance carriers and is self-insured against liability risks for both its officials and employees (see Note 9). It is self-funded for employee healthcare plans, however, in the healthcare instance, the risk resides with the employees, because the State contribution to the plan is subject to appropriation each year, and employees are required to cover the balance of any premiums due. The State pays the actual costs of unemployment benefits paid to separated employees, rather than unemployment insurance premiums.

NET POSITION

In the government-wide and proprietary fund financial statements, net position is the difference between assets, liabilities, deferred inflows, and deferred outflows. Net investment in capital assets, represents capital assets; less accumulated depreciation; and less any outstanding borrowings related to the acquisition, construction, or improvement of those assets. Certain net positions are restricted for highway maintenance, education, unemployment insurance, debt service, donor restrictions, and various other funds that were established at the direction of the federal government, the courts, the State Constitution, or other external parties.

FUND BALANCES

Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained. This fund balance category consists of inventories; prepaid expenditures such as advances to counties for social assistance programs, local entities for species conservation, and to Colorado cities and special districts from emergency management funds; permanent funds related to state lands, and the corpus of other permanent funds.

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

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

In the General Purpose Revenue Fund, the Committed category represents the requirement in Colorado Revised Statutes 24-75-201.1(1)(d) to reserve six and one half percent of General Purpose Revenue Fund appropriations (see Note 15 for additional detail).

Committed balances also include earned augmenting revenue, such as insurance proceeds, that State agencies are not required to revert into the General Purpose Revenue Funds' fund balance.

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

Assigned – This classification represents the portion of the General Purpose Revenue Fund fund balance related to certain Fiscal Year 2019 appropriations that the Colorado State Controller approved in accordance with Fiscal Rule 7-3 for use in the subsequent fiscal year.

Unassigned – This is the residual classification for the General Fund, and is not shown in other governmental funds, unless the fund balance is a deficit.

When an expenditure incurred could be funded from either restricted or unrestricted sources, unrestricted dollars are spent first, and within unrestricted sources funding is allocated first from unassigned, then assigned, and then committed resources. However, in certain circumstances restricted and/or committed resources are spent without regard to other available funding sources including transfers to pay indirect costs, to fund programs operating in the General Purpose Revenue Fund, to support health-related programs funded by tobacco tax, to support programs partially funded by Highway Users' Tax funds, and other situations that are not individually significant.

G. ACCOUNTING POLICIES AFFECTING REVENUES, EXPENDITURES/ EXPENSES

PROGRAM REVENUES

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

- Fees for services, tuition, licenses, certifications, and inspections
- Fines and forfeitures
- Sales of products

- Rents and royalties
- Donations and contributions
- Intergovernmental revenues (including capital and operating grants)

INDIRECT COST ALLOCATION

The State allocates indirect costs on the government-wide *Statement of Activities*. In general, the allocation reduces costs shown in the general government functions and increases costs in the other functions and business-type activities. The allocation is based on the Statewide Appropriations/Cash Fees Plan.

The Plan uses allocation statistics from Fiscal Year 2016 and costs from the Fiscal Year 2018 Appropriations bill that were incorporated in State agency budgets for Fiscal Year 2019. The allocation of costs between the governmental activities and business-type activities would normally result in an adjustment of internal balances on the government-wide *Statement of Net Position*. However, since the amount allocated from the governmental activities to the business-type activities is small, an offsetting adjustment is made to the (Transfers-Out)/Transfers-In line item at the bottom of the *Statement of Activities.*

OPERATING REVENUES AND EXPENSES

The State reports three major enterprise funds, multiple nonmajor enterprise funds, and multiple internal service funds. Because these funds engage in a wide variety of activities, the State's definition of operating revenues and expenses is highly generalized. For these funds, operating revenues and expenses are defined as transactions that result from the core business activity of the proprietary fund.
In general, this definition provides consistency between operating income on the *Statement of Revenues, Expenses, and Changes in Net Position* and cash from operations on the *Statement of Cash Flows.* However, certain exceptions occur including:

- Interest earnings and expenses of proprietary funds, for which the core business activity is lending, are reported as operating revenues and expenses on the *Statement of Revenues, Expenses, and Changes in Net Position* but are reported as investing activities on the *Statement of Cash Flows.*

- Some rents, fines, donations, and certain grants and contracts are reported as nonoperating revenues on the *Statement of Revenues, Expenses, and Changes in Net Position*, but are reported as cash from operations on the *Statement of Cash Flows.*

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

NOTE 2 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

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

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

The State Controller is generally required by statute to restrict the subsequent year appropriation whether or not an overexpenditure is approved. Such a restriction requires the agency to seek a supplemental appropriation from the General Assembly, earn adequate cash or federal revenue to cover the expenditure in the following year, and/or reduce their subsequent year's expenditures. Per Section 24-75-109(2)(b) C.R.S., neither the Governor nor the State Controller is allowed to approve any overexpenditure in excess of the unencumbered balance of the fund from which the overexpenditure is made.

Total overexpenditures at June 30, 2019, were $31 million as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- Medical Services Premiums – The Department of Health Care Policy & Financing overspent this line item by $23.4 million general funds, $1.3 million cash funds, and $.1 million reappropriated funds. The Medical Services Premiums appropriation covers expenditures for the majority of services rendered for Medicaid members. Due to the entitlement nature of the program, this line has statutory unlimited overexpenditure authority. The primary driver of the General Fund overexpenditure is due to under forecasting the acute care per capita costs for MAGI children, individuals with disabilities, and MAGI pregnant adults. The cash funds overexpenditure occurred as a result of greater-than-anticipated revenue collection from recoveries, which are reported as cash fund expenditure. The reappropriated funds overexpenditure was due to transferring more funding from the Old Age Pension State Medical Program to Medical Services Premiums than the Department forecasted would be available for the year.

- Behavioral Health Fee-for-service Payments – The Department of Health Care Policy & Financing overspent this line item by $.2 million general funds. The behavioral health fee-for-service line represents expenditure that is excluded from coverage under the behavioral health capitation, either because the member is not attributed to the Regional Accountable Entity or the service fell outside of the contractual requirements of covered services. Growth in expenditure for this line item fluctuates from year to year. For FY 2019, utilization grew by more than the Department projected in the second half of the year.

- Mental Health Institutes – The Department of Health Care Policy & Financing overspent this line item by $.04 million general funds. The overexpenditure is a result of higher than anticipated claims being billed to the Department by the Department of Human Services. The Department of Human Services (DHS) sets the spending authority for this appropriation. Each year, DHS submits an annual budget request to true up the Mental Health Institute (MHI) line item spending authority based on current MHI population mix. DHS underestimated the costs for this line item for Fiscal Year 2019.

- Adult Comprehensive Services – The Department of Health Care Policy & Financing overspent this line item by $2.8 million general funds. The overexpenditure is a result of higher than anticipated enrollment and utilization in the Adult Comprehensive (DD) waiver. Enrollments in the DD waiver from the waiting list occurred slightly faster than originally estimated and units per utilizer grew faster than anticipated as well.

- Division of Youth Services- Medicaid Funding – The Department of Health Care Policy & Financing overspent this line item by $.1 million general funds. The overexpenditure is a result of a larger than expected number of child welfare claims payments identified by the Department of Human Services to be associated with the Division of Youth Services. The Department of Human Services (DHS) requests funding for this appropriation based on anticipated Medicaid costs for the Division of Youth Services. DHS underestimated the costs for this line item.

- Medicare Modernization Act Contribution – The Department of Health Care Policy & Financing overspent this line item by $1.7 million general funds. The overexpenditure occurred due to large increases in retroactive enrollment of dual eligible clients in the second half of the year, which resulted in higher-than-anticipated monthly invoice totals. The Department is currently working with its federal partner (CMS) and data warehouse vendor to make necessary adjustments to the process of producing the dual-eligibility file that is sent to CMS each month to calculate current and retroactive enrollment. Once the changes are made, the Department will be better able to anticipate large retroactive changes in dual-eligibility and prevent future overexpenditure due to spikes in retroactivity.

Approved Department of Human Services Overexpenditures, Other Than Medicaid, subject to the $1.0 million limit:

- None at June 30, 2019

Approved State Departments Overexpenditures Subject to the $3.0 Million Limit:

- Operating Expenses – The Department of Corrections overspent this line item by $1.1 million general funds. The Department of Corrections submitted a $1.1 million supplemental budget request which was approved by the Joint Budget Committee on September 20, 2018. The Joint Budget Committee included the approved increase in the Department's supplemental bill (S.B. 19-111); however, the increase was subsequently amended out thus causing the overexpenditure.

- Community Corrections Placements – The Department of Public Safety overspent this line item by $.2 million general funds. Community corrections provides a sentencing or placement alternative, in lieu of prison incarceration, for felony offenders. Community corrections services provided exceeded the total program appropriations by $.2 million, which included a general fund overspend of $.2 million. The program had appropriation transfer authority under Section 17-27-108(5), C.R.S., and maximized eligible appropriations to minimize the overexpenditure, but it couldn't cover the total amount thus causing the overexpenditure.

Approved Judicial Overexpenditures, subject to the $1.0 million limit:

- None at June 30, 2019

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

- Highway Fund – The Department of Transportation had a deficit fund balance in this fund of $.4 million as a result of net operating losses at the Department's print shop which is now closed.

- Debt Collection Fund – The Department of Personnel & Administration had a deficit fund balance in this fund of $.2 million. Central Collections Services (CCS) spending the majority of FY 2019 implementing a new collections system, which automated processes to create efficiency and accuracy, as most reporting and entry out of the old collection system was completed manually. The focus on the implementation of the system drew resources away from the standard day-to-day collecting activities, and was a component of why the program had trouble recovering this fiscal year. The system implementation required the dedication of substantial staff resources, which had an impact on the program's ability to collect revenue. Additionally, recent statutory changes and waivers have allowed for clients that typically had high value debt the ability to opt-out of the program, leaving low value debt to be forwarded to CCS, and as a direct result, a reduction of revenue for the CCS occurred, which created the deficit fund balance.

The deferral of Medicaid expenditures and revenues for budget purposes only is authorized in Section 25.5-8-108(5) C.R.S. However, those expenditures are recognized in the current fiscal year for financial statement presentation under Generally Accepted Accounting Principles (GAAP). The recognition of those expenditures on the GAAP basis resulted in fund balance deficits. Because the budget deferral that caused the GAAP deficit fund balance is in compliance with statute, no restriction of Fiscal Year 2020 spending authority is recommended. The following cash funds were in a deficit fund balance position as a result of Department of Health Care Policy and Financing Medicaid activity as of June 30, 2019:

- Medicaid Buy-In Cash Fund - $0.2 million
- Health Care Expansion Fund - $2.4 million

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

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

In the 2005 general election, voters approved Referendum C, a statutory measure referred to the ballot by the Legislature that authorized the State to retain revenues in excess of the limit for the five fiscal years from 2006 through 2010. With the end of the Referendum C five-year excess revenue retention period, the State is subject to an Excess State Revenue Cap (ESRC) which began in Fiscal Year 2011. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds. The beginning base for the ESRC was the highest adjusted TABOR revenue during the five-year period, which occurred in Fiscal Year 2008.

In Fiscal Year 2015 a TABOR refund was due to taxpayers. Revenue subject to TABOR that year was $12,530.8 million , which exceeded the ESRC of $12,361.0 million by $169.7 million . The total refund payable triggered by the excess revenue was $169.7 million plus $3.6 million of understated and un-refunded amounts from prior years, or $173.3 million . Since Fiscal Year 2015, various corrections to revenue for that year have resulted in a $14.2 million reduction in the amount originally calculated.

In Fiscal Year 2018 revenue subject to TABOR was $13,720.9 million , which exceeded the $13,702.4 million ESRC by $18.5 million and by $2,500.1 million over the original TABOR limit. With the addition of Fiscal Year 2018 excess revenue to the $21.3 million left from the 2015 refund payable, the State's liability for TABOR refunds increased to $39.8 million at June 30, 2018.

In April 2019, the entire $18.5 million excess revenue from Fiscal Year 2018, plus $21.0 million of the remaining Fiscal Year 2015 payable, were refunded indirectly to taxpayers as a reimbursement to local governments under the homestead exemption for qualifying senior citizens and disabled veterans. Through Fiscal Year 2019 the State has returned $159.0 million of the Fiscal Year 2015 and Fiscal Year 2018 excess revenue to taxpayers, leaving $0.1 million to refund at June 30, 2019.

In Fiscal Year 2019 revenue subject to TABOR was $14,788.4 million , which exceeded the $14,360.1 million ESRC by $428.3 million and by $3,029.1 million over the original TABOR limit. With the addition of Fiscal Year 2019 excess revenue to the $0.1 million left from the 2015 amount payable, the State's liability for TABOR refunds increased to $428.5 million at June 30, 2019.

Since the inception of Referendum C in Fiscal Year 2006 the State has retained $21,816.0 million (unadjusted for prior year errors) – $3,593.6 million during the initial five-year revenue retention period, and an additional $18,222.4 million as a result of the higher ESRC limit in Fiscal Years 2011 through 2019.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. The estimated reserve amount for Fiscal Year 2019 was based on the December 2017 revenue projection prepared by the Legislative Council. In the Long Appropriations Act, the funds designated below and the maximum balances from each, constitute the reserve.

At June 30, 2019, the financial net positions, or fund balances of the following funds were restricted:

Major Medical Fund, a portion of the nonmajor Labor Fund – $74.0 million maximum set in the Long Appropriations Act. At June 30, 2019, the fund's net assets were less than $74.0 million. Available cash and investments totaling $70.6 million were restricted.

Wildlife Cash Fund, a portion of the nonmajor Parks and Wildlife Enterprise Fund – $34.0 million.

Perpetual base account of the Severance Tax Fund, a portion of the major Resource Extraction Fund – $33.0 million. Colorado Water Conservation Board Construction Fund, a portion of the major Resource Extraction Fund – $33.0 million.

Controlled Maintenance Trust Fund, a portion of the major General Fund – $94.0 million maximum set in the Long Appropriations Act. At June 30, 2019, the fund's net assets were less than $94.0 million. Operating cash totaling $54.6 million was restricted. During the fiscal year, $37.2 million was transferred from the Controlled Maintenance Trust Fund to the Disaster Emergency Fund, through eleven executive orders, to pay for the costs of fighting wildfires across the State. In addition, $0.5 million was transferred from the trust fund to the Wildfire Emergency Response Fund due to the costs of exceptional fire risk.

Unclaimed Property Tourism Promotion Trust Fund, a portion of the nonmajor Private Purpose Trust Fund – $5.0 million.

The 2018 legislative session Long Appropriations Act also designated up to $160.3 million of State properties as the remainder of the emergency reserve.

Based on actual fiscal year nonexempt revenues in Fiscal Year 2019 the required reserve was $443.7 million . Because the actual reserve requirement was more than the net assets of the Major Medical and Controlled Maintenance Trust funds and the maximum amounts designated for the other funds – including the State properties – the total amount restricted for the reserve was less than the combined maximums allowable in the designated funds as detailed above. The amount restricted for the reserve was $53.1 million less than required by the State Constitution. In the event of an emergency that exceeded the financial assets in the reserve, the designated Wildlife Cash Fund capital assets and general capital assets would have to be liquidated to meet the constitutional requirement.

NOTE 3 – CASH, RECEIVABLES, INVENTORIES, PREAPIDS, AND OTHER

CASH AND POOLED CASH

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

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

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

The State had an accounting system cash deposit balance of $1,890.5 million in the Treasurer's pool as of June 30, 2019. Under the GASB Statement No. 40 definitions, $54.5 million of the State's total bank balance of $1,867.4 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the State's name.

NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

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

- Capital Assets Funded by the Capital Projects Fund – Most capital construction projects funded by general-purpose revenues are accounted for in the Capital Projects Fund. Several of the State's enterprise and internal service funds receive capital assets funded and accounted for in this manner. These funds record Capital Contributions when the asset is received, and no cash transaction is reported on the *Statement of Cash Flows.* Higher Education Institutions and certain State agencies are authorized to move general revenue cash of the Capital Projects Fund to the enterprise or internal service fund for capital projects; when this occurs, a cash transaction is reported on the *Statement of Cash Flows.*

- Donations or Grants of Capital Assets – Capital assets received as donations or directly as grants are reported as capital contributions, and no cash transaction is reported on the *Statement of Cash Flows*. Although no cash is received, these transactions change the capital asset balances reported on the *Statement of Net Position;* therefore, they are reported as noncash transactions.

- Unrealized Gain/(Loss) on Investments – Nearly all proprietary funds record unrealized gains or losses on the investments underlying the Treasurer's pooled cash in which they participate. The unrealized gains or losses on the Treasurer's pool are shown as increases or decreases, respectively, in cash balances. The unrealized gains or losses on investments not held in the Treasurer's pooled cash result in increases or decreases in investment balances, and therefore, are reported as noncash transactions.

- Loss on Disposal of Capital and Other Assets – When the cash received at disposal of a capital or other asset is less than the carrying value of the asset, a loss is recorded. The loss results in a reduction of the amount reported for capital or other assets on the *Statement of Net Position*, but since no cash is exchanged for the loss amount, this portion of the transaction is reported as noncash.

- Amortization of Debt Related Amounts – Amortization of bond premiums, discounts, and gain/(loss) on refunding adjusts future debt service amounts shown for both capital and noncapital financing activities. These transactions change the amount of capital or noncapital debt reported on the *Statement of Net Position.* Since no cash is received or disbursed in these transactions, they are reported as noncash.

- Assumption of Capital Lease Obligation or Mortgage – Although no cash is exchanged, entering a capital lease or mortgage changes both the capital asset and the related liability balances reported on the *Statement of Net* Position. Therefore, these transactions are reported as noncash.

- Financed Debt Issuance Costs – When costs of debt issuance are financed by and removed from the debt proceeds, the State reports a noncash transaction.

- Fair Value Change in Derivative Instrument – When the State enters into a derivative instrument that qualifies as a hedge and has reported a deferred inflow or deferred outflow, the *Statement of Net Position* also includes a real account, either asset or liability, that is measured at fair value, but does not represent a current cash transaction.

RECEIVABLES

The Taxes Receivable of $1,838.0 million shown on the government-wide *Statement of Net Position* in current assets net of long-term taxes receivable of $250.4 million, primarily comprises the following:

- $1,934.1 million in the General Purpose Revenue Fund, mainly self-assessed income and sales tax. This amount includes $250.4 million of Taxes Receivable expected to be collected after one year that are reclassified on the *Governmental Funds Balance Sheet Reconciled to Statement of Net Position* so they can be reported as Other Long-Term Assets on the government-wide *Statement of Net Position*.

- $115.3 million of unemployment insurance premiums receivable primarily recorded in the Unemployment Insurance Fund.

- $36.8 million recorded in non-major special revenue funds, which include approximately $13.5 million from gaming tax and $19.0 million from insurance premium tax.

The Other Receivables of $1,479.0 million shown on the government-wide *Statement of Net Position* are net of $263.4 million in allowance for doubtful accounts and primarily comprise the following:

- $530.5 million of receivables recorded in the General Fund, of which $30.2 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $557.0 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $5.7 million of patient receivables.

- $558.3 million of student and other receivables of Higher Education Institutions.

- $153.3 million of receivables recorded by the Department of Health Care Policy and Financing in the Colorado Healthcare Affordability and Sustainability Enterprise Fund related primarily to rebates from drug companies associated with prescriptions for Medicaid clients.

INVENTORIES

Inventories of $159.6 million shown on the government-wide *Statement of Net Position* at June 30, 2019, primarily comprise the following:

- $80.8 million of resale inventories, of which Resource Extraction recorded $34.7 million, Higher Education Institutions recorded $33.5 million, and Highway Users Tax Fund recorded $9.2 million.

- $59.6 million of consumable supplies inventories, of which $37.3 million was recorded by Resource Extraction Fund, $10.0 million was recorded by the Higher Education Institutions, $8.4 million was recorded by the Highway Users Tax Fund, $2.3 million by the General Purpose Revenue Fund, and $0.7 million by Parks and Wildlife, and $0.5 million by Central Services Fund, an internal service fund.

- $11.3 million of manufacturing inventories recorded by Correctional Industries, a nonmajor enterprise fund.

PREPAIDS, ADVANCES, AND DEPOSITS

Prepaids, Advances, and Deposits of $132.2 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $17.3 million advanced to Colorado counties by the General Purpose Revenue Fund primarily related to social assistance programs.

- $16.1 million advanced to Colorado cities and special districts by the Division of Homeland Security and Emergency Management.

- $10.4 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.

- $24.5 million prepaid by Higher Educational Institutions, of which $7.6 million primarily related to cash payments for library subscriptions at Colorado State University.

- $18.7 million prepaid to designated service organizations by the Department of Human Services from the Marijuana Tax Cash Fund primarily for behavioral health.

- $6.1 million of prize expense paid by the Colorado Lottery to a multistate organization related to participation in the Powerball lottery game.

- $8.1 million prepaid by the Governor's Office of Information Technology primarily for multi-year maintenance and licensing agreements.

OTHER LONG-TERM ASSETS

The $868.2 million shown as Other Long-Term Assets on the government-wide *Statement of Net Position* is primarily long-term taxes receivable and long-term loans. Long-term taxes receivable of $250.4 million recorded in the General Purpose Revenue Fund are not included as Other Long-Term Assets on the *Balance Sheet – Governmental Funds* but are shown in Taxes Receivable.

The $507.2 million of Other Long-Term Assets shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Highway Users Tax Fund ($15.0 million), a non-major special revenue fund, and the Resource Extraction Fund ($442.0 million), a non-major special revenue fund. This balance primarily comprises water loan activity. The Water Conservation Board makes water loans from the Water Projects Fund, part of the Resource Extraction Fund, to local entities for the purpose of constructing water projects in the State.

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

The $109.6 million shown as Other Long-term Assets on the *Statement of Net Position – Proprietary Funds* is primarily student loans issued by Higher Education Institutions but also includes livestock.

NOTE 4 – INVESTMENTS

The State holds investments both for its own benefit and as an agent for certain entities as provided by statute. The State does not invest its funds with any external investment pool. Funds not required for immediate payment of expenditures are administered by the authorized custodian of the funds or pooled and invested by the State Treasurer.

Colorado Revised Statutes 24-75-601.1 authorizes the types of securities in which public funds of governmental entities, including State agencies, may be invested. Investments of the Public Employees Retirement Association discussed in Note 6 and other pension funds are not considered public funds. In general, the statute allows investment in Certificates of Participation related to a lease or lease purchase commitment, local government investment pools, repurchase and reverse repurchase agreements (with certain limitations), securities lending agreements, corporate or bank debt securities denominated in US dollars, guaranteed investment or interest contracts including annuities and funding agreements, securities issued by or fully guaranteed by the United States Treasury or certain federal entities and the World Bank, inflation indexed securities issued by the United States Treasury, general obligation and revenue debt of other states in the United States and their political subdivisions (including authorities), or registered money market funds with policies that meet specific criteria.

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

Colorado Revised Statutes 24-36-113 authorizes securities in which the State Treasurer may invest and requires prudence and care in maintaining investment principal and maximizing interest earnings. In addition to the investments authorized for all public funds, the State Treasurer may invest in securities of the federal government and its agencies and corporations without limitation, asset-backed securities, certain bankers' acceptances or bank notes, certain commercial paper, certain international banks, certain loans and collateralized mortgage obligations and certain debt obligations backed by the full faith and credit of the state of Israel. The Treasurer’s statute also establishes credit quality rating minimums specific to the Treasurer’s investments. The Treasurer’s statute is the basis for a formal investment policy published on the State Treasurer’s website. In addition to the risk restrictions discussed throughout this Note 4, the Treasurer’s investment policy precludes the purchase of derivative securities.

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2019 and 2018, the treasurer had $97.2 million and $80.9 million at fair value, respectively, of GOCO’s funds on deposit and invested.

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

As provided by State statute, the State Treasurer held $10.5 million of investment in residential mortgages representing payments of property taxes of certain elderly State citizen homeowners that qualify for the Property Tax Deferral Program. The investment is valued based on the outstanding principal and interest currently owed to the State as there is no quoted market price for these investments.

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

(Amounts in Thousands)

Footnote Amounts	Carrying Amount
Deposits (Note 3)	$ 1,890,516
Investments:	
Governmental Activities	11,298,425
Business-Type Activities	3,318,392
Fiduciary Activities	8,830,904
Plus: Cash in Clearing Accounts	88
Total	$ 25,338,325
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 8,670,529
Add: Warrants Payable Included in Cash	240,454
Total Cash and Pooled Cash	8,910,983
Add: Restricted Cash	2,002,468
Add: Restricted Investments	1,269,303
Add: Investments	13,155,571
Total	$ 25,338,325

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure, the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the State's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the State's name.

The State Treasurer's investment policy requires all securities to be held by the State Treasurer or a third party custodian designated by the Treasurer with each security evidenced by a safekeeping receipt. Certain trustees have selected the State Treasurer's pool as their primary investment vehicle. The Treasurer accounts for the trustees' deposits in agency funds, and the investment types and related risks are disclosed through the Treasurer's pool investments.

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

(Amounts in Thousands)

	Governmental Activities			
	Treasurer's Pool	General Fund	Other Governmental	Total
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Notes/Bonds	816,832	-	246,650	1,063,482
U.S. Agency Securities (Not Explicitly Guaranteed)	1,084,049	-	78,490	1,162,539
Commercial Paper	1,601,607	-	-	1,601,607
Corporate Bonds	3,339,893	-	403,153	3,743,046
Municipal Bonds	10,083	-	3,087	13,170
Money Market Mutual Funds	515,000	-	6,753	521,753
Asset-Backed Securities	931,204	-	80,477	1,011,681
Mortgage-Backed Securities	255	-	162,387	162,642
Sovereigns/Supranationals	723,924	-	-	723,924
Equity Mutual Funds	-	-	219,007	219,007
Other	-	349,143	725,685	1,074,828
SUBTOTAL	9,022,847	349,143	1,925,689	11,297,679
SUBJECT TO CUSTODIAL CREDIT RISK				
Money Market Mutual Funds	-	-	746	746
SUBTOTAL	-	-	746	746
TOTAL	$ 9,022,847	$ 349,143	$ 1,926,435	$ 11,298,425

The following table lists the investments of the major enterprise funds, nonmajor enterprise funds in aggregate, and fiduciary funds by investment type at fair value as of June 30, 2019. The University of Colorado, Colorado State University, and the Colorado School of Mines reported investments in the internal pools of their respective foundations. These investments are reported as Investment in Foundation Pool.

(Amounts in Thousands)

	Business-Type Activities			Fiduciary
	Higher Education Institutions	Other Enterprises	Total	Fiduciary
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Bills	$ 18,659	$ -	$ 18,659	$ 663
U.S. Treasury Notes/Bonds	174,893	-	174,893	-
U.S. Agency Securities (Not Explicitly Guaranteed)	70,752	-	70,752	18,487
Commercial Paper	2,008	-	2,008	-
Corporate Bonds	192,678	-	192,678	-
Municipal Bonds	114	-	114	-
Money Market Mutual Funds	286,788	355	287,143	-
Bond Mutual Funds	58,526	12,780	71,306	10,309
Asset-Backed Securities	126,422	-	126,422	-
Investment In Foundation Pool	447,831	-	447,831	-
Mortgage-Backed Securities	115,699	-	115,699	-
Guaranteed Investment Contracts	24,192	-	24,192	-
Corporate Equities	2,798	-	2,798	-
Private Equities	-	-	-	3,244
Equity Mutual Funds	796,154	-	796,154	22,366
Other	293,938	18,306	312,244	25,385
SUBTOTAL	2,611,452	31,441	2,642,893	80,454
SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Bills	299	-	299	3,805
U.S. Treasury Notes/Bonds	46,783	-	46,783	-
U.S. Agency Securities (Explicitly Guaranteed)	9,673	-	9,673	-
U.S. Agency Securities (Not Explicitly Guaranteed)	14,725	-	14,725	-
Corporate Bonds	152,125	-	152,125	9,217
Municipal Bonds	15,235	-	15,235	1,467
Money Market Mutual Funds	442	-	442	891,269
Bond Mutual Funds	107,685	-	107,685	3,164,713
Asset-Backed Securities	56,663	-	56,663	888
Investment In Foundation Pool	46,412	-	46,412	-
Mortgage-Backed Securities	41,925	-	41,925	8,499
Guaranteed Investment Contracts	-	-	-	142,227
Corporate Equities	6,649	-	6,649	-
Private Equities	2,761	-	2,761	-
International Equities	55,230	-	55,230	-
Equity Mutual Funds	116,583	-	116,583	4,527,938
Balanced Mutual Funds	42	-	42	-
Other	2,267	-	2,267	427
SUBTOTAL	675,499	-	675,499	8,750,450
TOTAL	$ 3,286,951	$ 31,441	$ 3,318,392	$ 8,830,904

Credit Quality Risk

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

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

The fair value amount of rated and unrated debt securities is detailed in the following table by the lowest known credit quality rating, which shows the Treasurer’s Pooled Cash Investments, Higher Education Institutions, Fiduciary Funds, and All Other Funds in the aggregate. The credit quality ratings shown are Moody’s, Standard and Poor’s, and Fitch, respectively.

CREDIT QUALITY RATINGS
(Amounts In Thousands)

Credit Quality Rating	U.S. Govt. Securities	Commercial Paper	Corporate Bonds	Asset Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Other	Total
Treasurer's Pool:								
Long-term Ratings								
Aaa/AAA/AAA	$ -	$ -	$ 55,676	$ 931,204	$ 515,000	$ -	$ 282,203	$ 1,784,083
Aa/AA/AA	1,084,049	1,601,607	533,806	-	-	-	452,060	3,671,522
A/A/A	-	-	2,403,791	-	-	-	-	2,403,791
Baa/BBB/BBB	-	-	346,620	-	-	-	-	346,620
Total T-Pool	1,084,049	1,601,607	3,339,893	931,204	515,000	-	734,263	8,206,016
Higher Education Institutions:								
Long-term Ratings								
Aaa/AAA/AAA	29,224	-	4,462	156,323	256,513	6,652	5,706	458,880
Aa/AA/AA	19,722	-	31,689	12,146	-	92,495	8,600	164,652
A/A/A	248	-	129,291	354	-	-	416	130,309
Baa/BBB/BBB	-	-	166,015	3,371	-	-	-	169,386
Ba/BB/BB	-	-	8,841	194	-	-	-	9,035
B/B/B	-	-	-	804	-	-	-	804
Caa/CCC/CCC	-	-	-	2,169	-	-	-	2,169
Ca/D/DDD	-	-	-	556	-	-	-	556
Short-term Ratings								
P1/MIG1/A-1/F-1	-	2,008	-	-	-	-	-	2,008
Unrated	36,092	-	3,258	7,167	226,241	58,191	82,219	413,168
Total Higher Ed	85,286	2,008	343,556	183,084	482,754	157,338	96,941	1,350,967
Fiduciary Funds:								
Long-term Ratings								
Aaa/AAA/AAA	-	-	-	888	-	-	316	1,204
Aa/AA/AA	18,686	-	1,003	-	-	5,109	875	25,673
A/A/A	-	-	4,277	-	-	5,200	276	9,753
Baa/BBB/BBB	-	-	3,694	-	-	-	-	3,694
Unrated	8,300	-	243	-	891	3,164,713	142,227	3,316,374
Total Fiduciary	26,986	-	9,217	888	891	3,175,022	143,694	3,356,698
All Other Funds:								
Long-term Ratings								
Aaa/AAA/AAA	-	-	22,138	78,995	-	-	-	101,132
Aa/AA/AA	78,490	-	108,763	443	746	-	165,572	354,014
A/A/A	-	-	153,084	-	-	-	-	153,084
Baa/BBB/BBB	-	-	104,902	805	-	-	-	105,707
Ba/BB/BB	-	-	13,262	-	-	-	-	13,262
B/B/B	-	-	1,005	-	-	-	-	1,005
Unrated	-	-	-	235	355	12,780	10,752	24,122
Total Other	78,490	-	403,154	80,478	1,101	12,780	176,324	752,326
Total	$ 1,274,811	$ 1,603,615	$ 4,095,820	$ 1,195,654	$ 999,746	$ 3,345,140	$ 1,151,222	$ 13,666,007

Interest Rate Risk

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

State statute requires the State Treasurer to formulate investment policies regarding liquidity, maturity, and diversification for each fund or pool of funds in the State Treasurer's custody. The State Treasurer's formal investment policy requires a portion of the investment pool to have a maximum maturity of one year and the balance of the pool to have maximum maturity of five years. The policy also sets maturity limits for the Unclaimed Property Tourism Promotion Trust Fund (1 - 30 years). The policy also mitigates interest rate risk through the use of maturity limits delineated to meet the needs of each funds and the use of active management to react to changes in the yield curve, economic forecasts, and the liquidity needs of the fund.

The following table shows the weighted average maturity and fair value amount for those investments managed using the weighted average maturity measure.

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

	Treasurer's Pool		Higher Education Institutions		Fiduciary Funds		All Other Funds	
Investment Type	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity
U.S. Treasury Bills/Notes/Bonds	$ 816,832	0.840	$ 236,144	5.877	$ 3,805	2.601	$ 246,650	11.599
U.S. Agency Securities	1,084,049	0.306	252,356	23.048	26,986	5.337	78,490	7.815
Bond Mutual Funds	-	-	150,038	7.408	10,309	10.410	12,780	4.398
Commercial Paper	1,601,607	0.125	2,008	0.109	-	-	-	-
Corporate Bonds	3,339,893	2.572	340,964	7.120	9,217	3.089	403,153	6.694
Repurchase Agreements	-	-	56,471	1.044	-	-	-	-
Certificates of Deposit	-	-	869	0.959	-	-	-	-
Asset Backed Securities	931,204	2.161	183,049	16.816	578,152	0.033	80,477	1.672
Money Market Funds	515,000	-	-	-	314,005	0.104	355	0.071
Municipal Bonds	10,083	2.000	15,349	4.301	1,467	0.340	3,087	1.000
Mortgage Backed Securities	255	0.819	-	-	-	-	162,387	6.010
Other	723,924	0.915	24,192	1.250	-	-	-	-
Total Investments	$ 9,022,847		$ 1,261,440		$ 943,941		$ 987,379	

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

The CollegeInvest program has investments reported in the College Savings Plan, a Private Purpose Trust Fund. CollegeInvest uses duration to manage the interest rate risk of selected mutual funds in the College Savings Plan. CollegeInvest's Private Purpose Trust Fund holds inflation protected bond mutual funds for $326.6 million with a duration of 8.7 years and a short-term inflation protected securities index fund for $67.5 million with a duration of 2.7 years. These securities are excluded from the duration table below because interest rate risk is effectively mitigated by the inflation protection attribute of the funds.

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
Enterprise Funds:		
Higher Education Institutions:		
Colorado School of Mines:		
Bond Mutual Fund- 1	$ 1,067	5.900
Bond Mutual Fund- 2	693	1.400
Bond Mutual Fund- 3	727	0.700
Colorado Mesa University:		
U.S. Agency Securities	$ 178	2.179
Corporate Bonds	106	0.417
Asset Backed Securities	35	2.480
Mortgage Backed Securities	50	2.023
Private Purpose Trust Funds:		
CollegeInvest:		
Bond Mutual Fund- 1	$ 1,049,485	6.000
Bond Mutual Fund- 2	506,104	6.200
Bond Mutual Fund- 3	804,403	1.900
Bond Mutual Fund- 4	279,292	8.100
Bond Mutual Fund- 5	61,129	4.200
Bond Mutual Fund- 6	65,076	6.000
Bond Mutual Fund- 7	5,059	6.400

Foreign Currency Risk

State statute requires the State Treasurer to invest in domestic fixed income securities and does not allow foreign currency investments.

Concentration of Credit Risk

The State Treasurer's formal investment policy sets minimum and maximum holding percentages for each investment type for the investment pool and for the Unclaimed Property Tourism Promotion Trust Fund. The pool and the Unclaimed Property Tourism Promotion Trust Fund may be 100 percent invested in U.S. Treasury securities with more restrictive limits (ranging from 5 percent to 80 percent) set for the other allowed investment types. For the pool and the Unclaimed Property Tourism Promotion Trust Fund, the policy sets maximum concentrations in an individual issuer for certain investment types.

Fair Value Measurements

To the extent available, the State's investments are recorded at fair value as of June 30, 2019. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments – values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.

Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset (or liability), either directly or indirectly.

Level 3 Investments – classified as Level 3 have unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

The following table summarizes the State's investments within the fair value hierarchy at June 30, 2019:

(Amounts in Thousands)

	Fair Value as of 6/30/2019	Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury Bills	$ 23,427	$ 22,956	$ 471	$ -
U.S. Treasury Notes/Bonds	1,285,159	1,154,865	130,294	-
U.S. Agency Securities (Explicitly Guaranteed)	9,673	-	9,673	-
U.S. Agency Securities (Not Explicitly Guaranteed	1,266,502	689,525	576,977	-
Commercial Paper	1,603,615	-	1,603,615	-
Corporate Bonds	4,097,066	17,008	4,080,049	9
Municipal Bonds	29,986	2,208	27,778	-
Money Market Mutual Funds	1,475,554	1,468,801	6,753	-
Bond Mutual Funds	3,354,013	3,354,013	-	-
Asset-Backed Securities	1,195,653	1,860	1,191,321	2,472
Mortgage-Backed Securities	328,766	19,056	309,444	266
Sovereigns/Supranationals	723,924	-	723,924	-
Guaranteed Investment Contracts	166,419	24,192	-	142,227
Investment in Foundation Pool	494,243	-	-	494,243
Corporate Equities	9,447	9,447	-	-
Private Equities	3,244	-	-	3,244
International Equities	55,230	55,230	-	-
Equity Mutual Funds	5,682,048	5,682,042	6	-
Balanced Mutual Funds	42	42	-	-
Other	1,124,333	10,495	18,306	1,095,532
Total	$ 22,928,344	$ 12,511,740	$ 8,678,611	$ 1,737,993

Total investments measured at NAV	234,348
Total other investments not valued at fair value	285,031
Total	$ 23,447,723

On June 30, 2019, the University of Colorado held an investment in an equity trust valued at $234.3 million. The value was determined using the University's Net Asset Value (NAV) per share in the equity trust. The assets held by the trust could be sold at an amount different than the NAV per share due to the liquidation policies in the trust's investor agreements. Redemption frequencies for these funds range from one to 30 days and there were no unfunded commitments as of June 30, 2019.

The University of Colorado also held investments in a repurchase agreement with a contract value of $56.5 million and private equities measured at a cost of $2.8 million. It is the State's policy to report money market fund investments at fair market value unless the institution managing the investment reports its value at amortized cost. At June 30, 2019, the University of Colorado held $225.7 million of money market funds valued at amortized cost.

Treasurer's Investment Pool

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

NOTE 5 – CAPITAL ASSETS

During Fiscal Year 2019, the State capitalized $25.9 million of interest incurred during the construction of capital assets. The majority of this capitalized interest was for the Department of Transportation's Bridge Enterprise of $14.4 million, and the High Performance Transportation Enterprise of $7.0 million. The remainder was attributable to Institutions of Higher Education of $4.5 million.

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

(Amounts in Thousands)

GOVERNMENTAL ACTIVITIES		Depreciation Amount
General Government	$	48,811,927
Business, Community and Consumer Affairs		2,947,433
Education		41,553,546
Health and Rehabilitation		15,371,105
Justice		48,122,382
Natural Resources		2,514,648
Social Assistance		19,702,152
Transportation		345,541,694
Total Depreciation Expense - Governmental Activities		524,564,887
BUSINESS-TYPE ACTIVITIES		
Higher Education		458,804,045
Parks and Wildlife		12,436,482
State Nursing Homes		2,028,097
Unemployment Insurance		2,399,841
Transportation		17,864,756
Other Enterprise Funds		2,449,210
Total Depreciation Expense - Business-Type Activities		495,982,431
Total Depreciation Expense Primary Government	$	1,020,547,319

The schedule on the following page shows the capital asset activity during Fiscal Year 2019. The schedule shows that $330.3 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $657.3 million of construction in progress were completed and added to capital assets for Business Type activities. These amounts are net of additions.

(Amounts in Thousands)	Beginning Balance	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	117,817	$ 637	$ -	$ (469)	$ 117,985
Land Improvements	7,455	-	297	-	7,752
Collections	10,978	235	-	-	11,213
Other Capital Assets	2,136	-	-	-	2,136
Construction in Progress (CIP)	771,863	539,483	(350,654)	(2,878)	957,814
Infrastructure	1,004,036	582	20,088	-	1,024,706
Total Capital Assets Not Being Depreciated	1,914,285	540,937	(330,269)	(3,347)	2,121,606
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	58,903	1,096	8,799	(17)	68,781
Buildings	3,386,623	29,199	43,179	(95,393)	3,363,608
Software	501,784	1,811	45,483	(7,639)	541,439
Vehicles and Equipment	987,183	258,839	999	(266,885)	980,136
Library Materials and Collections	6,269	361	-	(1,023)	5,607
Other Capital Assets	37,372	21	-	(185)	37,208
Infrastructure	12,180,948	28	231,809	(5,140)	12,407,645
Total Capital Assets Being Depreciated	17,159,082	291,355	330,269	(376,282)	17,404,424
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(36,700)	(2,511)	-	13	(39,198)
Buildings	(1,124,762)	(91,195)	-	12,829	(1,203,128)
Software	(273,975)	(43,521)	-	4,751	(312,745)
Vehicles and Equipment	(607,895)	(67,551)	-	73,335	(602,111)
Library Materials and Collections	(4,704)	(382)	-	1,023	(4,063)
Other Capital Assets	(36,724)	(107)	-	186	(36,645)
Infrastructure	(4,789,042)	(319,298)	-	945	(5,107,395)
Total Accumulated Depreciation	(6,873,802)	(524,565)	-	93,082	(7,305,285)
Total Capital Assets Being Depreciated, net	10,285,280	(233,210)	330,269	(283,200)	10,099,139
TOTAL GOVERNMENTAL ACTIVITIES	12,199,565	307,727	-	(286,547)	12,220,745
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	599,798	30,518	3,116	(2,708)	630,724
Land Improvements	16,861	-	4,301	(4,301)	16,861
Collections	29,331	2,907	-	(58)	32,180
Construction in Progress (CIP)	1,094,137	725,173	(672,619)	15,618	1,162,309
Other Capital Assets	15,461	-	-	-	15,461
Infrastructure	87,547	-	7,894	-	95,441
Total Capital Assets Not Being Depreciated	1,843,135	758,598	(657,308)	8,551	1,952,976
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	810,008	1,763	35,732	(720)	846,783
Buildings	9,731,819	25,456	482,734	(712)	10,239,297
Software	216,497	3,976	1,187	(1,020)	220,640
Vehicles and Equipment	1,200,967	99,287	4,665	(34,694)	1,270,225
Library Materials and Collections	594,240	24,259	-	(9,882)	608,617
Other Capital Assets	3,770	-	-	-	3,770
Infrastructure	1,028,393	4,258	132,990	-	1,165,641
Total Capital Assets Being Depreciated	13,585,694	158,999	657,308	(47,028)	14,354,973
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(421,709)	(34,477)	-	193	(455,993)
Buildings	(3,521,915)	(319,375)	-	(2,573)	(3,843,863)
Software	(182,837)	(11,309)	-	547	(193,599)
Vehicles and Equipment	(879,046)	(88,891)	-	31,915	(936,022)
Library Materials and Collections	(461,653)	(22,560)	-	9,840	(474,373)
Other Capital Assets	(1,785)	(121)	-	-	(1,906)
Infrastructure	(88,410)	(19,250)	-	-	(107,660)
Total Accumulated Depreciation	(5,557,355)	(495,983)	-	39,922	(6,013,416)
Total Capital Assets Being Depreciated, net	8,028,339	(336,984)	657,308	(7,106)	8,341,557
TOTAL BUSINESS-TYPE ACTIVITIES	9,871,474	421,614	-	1,445	10,294,533
TOTAL CAPITAL ASSETS, NET	$ 22,071,039	$ 729,341	$ -	$ (285,102)	$ 22,515,278

NOTE 6 – DEFINED BENEFIT PENSIONS

Recent Legislative Changes

Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years w*as signed into law on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 are noted below. The full text of the bill is available at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by 2 percent (phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million annually to PERA starting on July 1, 2018. The annual recurring direct distribution payments are allocated by PERA to the State Division Trust Fund (SDTF), Judicial Division Trust Fund (JDTF), School Division Trust Fund, and the Denver Public Schools (DPS) Division Trust Fund based on the proportionate amount of annual payroll associated with these four trusts. The table below presents the allocation of the direct distribution made on July 1, 2018.

PERA Division Trust	Allocation
(amounts in actual dollars)	
State	$ 78,488,543
Judicial	1,384,837
School	126,504,713
Denver Public Schools	18,621,907
Total Direct Distribution	$ 225,000,000

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- For the SDTF, expands eligibility to participate in the PERA DC Plan to certain new members hired on or after January 1, 2019, who are classified State College and University employees. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the SDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

Effect of Recent Legislative Changes

The $225 million direct distribution, as allocated according to the preceding table, created a special funding situation as defined by Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*. The State of Colorado, as a financial reporting entity covered by this report, is a participating employer in the SDTF and the JDTF along with participating employers outside the State's financial reporting entity. The amounts allocated to the SDTF and the JDTF are therefore part employer contributions and part contributions from a governmental nonemployer contributing entity. The State is not a participating employer in the School and DPS Divisions, therefore all contributions from the direct distribution allocated to the School and DPS Divisions are contributions from a governmental nonemployer contributing entity. Contributions from the State as a governmental nonemployer contributing entity reduce the proportionate share of participating employers not included in the State's financial reporting entity. The State reports a proportionate share of the net pension liability, deferred outflows, deferred inflows, and pension expense associated with its contributions as a participating employer of the SDTF and JDTF. Beginning with the fiscal year covered by this report, the State also reports a proportionate share of the net pension liability, deferred outflows, deferred inflows, and expense to aid other governments related to contributions made by the State as a governmental nonemployer contributing entity.

The following disclosures include information on the SDTF, JDTF, School, and DPS Divisions. Disclosures are applicable to all four division trust funds unless noted otherwise.

Summary of Significant Accounting Policies
The State of Colorado is a participating employer in the SDTF and the JDTF, both cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees' Retirement Association of Colorado ("PERA"). The State of Colorado is also a governmental nonemployer contributing entity in the SDTF, JDTF, School, and DPS Divisions. The net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, aid to other governments, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of the SDTF, JDTF, School, and DPS Divisions 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 Plans
Eligible employees of the State of Colorado receive a pension benefit through the SDTF and the JDTF, both cost-sharing multiple-employer defined benefit pension plans 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. The Colorado General Assembly may amend Title 24, Article 51 of the C.R.S. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

PERA provides retirement, disability, and survivor benefits. Retirement benefits 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 forth 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.

The lifetime retirement benefit for all eligible retiring employees under the DPS benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance 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.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lesser of an annual increase of 1.5 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 SDTF and for the JDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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. For the SDTF, State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. For the JDTF, the five year requirement is not applicable to active judges. The disability benefit amount is based on the lifetime retirement benefit formula(s) 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.

Contributions

Eligible employees and the State are required to contribute to the SDTF and to the JDTF at rates established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee and employer contribution rates for the period January 1, 2018 through December 31, 2020 are presented in the following tables:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2020
Employee contribution (except State Troopers)	8.00%	8.00%	8.75%
State Troopers only	10.00%	10.00%	10.75%

Employee contribution rates for the SDTF and for the JDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for all employees except State Troopers are summarized in the table below:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2020
Employer contribution rate	10.15%	10.15%	10.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the SDTF	9.13%	9.13%	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Total employer contribution rate to the SDTF	**19.13%**	**19.13%**	**19.38%**

Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for State Troopers are summarized in the table below:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019	July 1, 2019 Through June 30, 2019
Employer contribution rate	12.85%	12.85%	13.10%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%	(1.02)%
Amount apportioned to the SDTF	11.83%	11.13%	12.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Total employer contribution rate to the JDTF	**21.83%**	**21.83%**	**22.08%**

Contribution rates for the JDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million annually to PERA starting on July 1, 2018. The direct distribution payment is allocated to the SDTF and to the JDTF based on the proportionate amount of annual payroll of the SDTF and of the JDTF to the total annual payroll of the SDTF, JDTF, School Division Trust Fund, and the DPS Division Trust Fund. A portion of the direct distribution allocated to the SDTF and to the JDFT is a contribution from a governmental nonemployer contributing entity for financial reporting purposes.

Employer contributions are recognized by the SDTF and by the JDTF in the period in which the compensation becomes payable to the member and the State is statutorily committed to pay the contributions to the SDTF and to the JDFT. Employer contributions made by the State to the SDTF and to the JDTF were $639.5 million and $10.0 million, respectively, for the year ended June 30, 2019.

Net Pension Liability

The net pension liability for the SDTF and for the JDTF were measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The State's proportion of the net pension liability of the SDTF and of the JDTF is based on the State's contributions to the SDTF and to the JDTF for calendar year 2018 relative to the total contributions of all participating employers and the nonemployer contributions made by the State to the SDTF and to the JDTF.

At June 30, 2019, the State reported a total liability of $13.5 billion for its proportionate share of the net pension liability, which includes an increase in the liability from the prior year related to support from the State as a governmental nonemployer contributing entity. The amounts recognized by the State for its proportionate share of the net pension liability are as follows:

(Amounts in thousands)	PERA Division Trust Fund				
Proportionate share of the net pension liability attributable to:	State	Judicial	School	DPS	Total
State's own employees	$ 10,855,754	$ 132,873	-	-	$ 10,988,627
Employees of other governments	62,292	1,199	2,129,952	349,095	2,542,539
Total	$ 10,918,046	$ 134,072	$ 2,129,952	$ 349,095	$ 13,531,166

Proportionate Share

The State's proportions at December 31, 2017, December 31, 2018, and how the proportions increased are presented in the following table:

As a Participating Employer			
	Proportionate Share		
PERA Division Trust Fund	12/31/2017	12/31/2018	Increase
State	95.37%	95.40%	0.03%
Judicial	93.99%	94.06%	0.07%

As a Governmental Nonemployer Contributing Entity			
	Proportionate Share		
PERA Division Trust Fund	12/31/2017	12/31/2018	Increase
State	0.00%	0.55%	0.55%
Judicial	0.00%	0.85%	0.85%
School	0.00%	12.03%	12.03%
DPS	0.00%	34.13%	34.13%

Pension Expense & Aid to Other Governments

For the year ended June 30, 2019, the State recognized pension expense for its own employees and expense to aid other governments related to support provided by the State as a governmental nonemployer contributing entity. The components of expense are presented in the following table:

	PERA Division Trust Fund				
(Amounts in thousands)	State	Judicial	School	DPS	Total
Pension expense*	$ (551,265)	$ (8,488)	-	-	$ (559,753)
Aid to other governments	28,951	260	839,888	32,040	901,140
Total	$ (522,314)	$ (8,228)	$ 839,888	$ 32,040	$ 341,387

* Negative pension expense is attributable to an increase in the discount rate from the prior year. Refer to the following section on Actuarial Assumptions for additional information.

Deferred Outflows of Resources and Deferred Inflows of Resources

The State participates in the SDTF and the JDTF as both an employer and as a governmental nonemployer contributing entity. The following tables therefore segregate deferred outflows of resources and deferred inflows of resources between balances related to the State's own employees and balances related to employees of other governments. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

State Division Trust Fund

(Amounts in thousands)	Deferred Outflows of Resources Related to		Deferred Inflows of Resources Related to	
	State's Own Employees	Employees of Other Governments	State's Own Employees	Employees of Other Governments
Difference between expected and actual experience	$ 310,517	$ 1,781	$ -	$ -
Changes of assumptions or other inputs	572,040	3,280	5,605,738	32,167
Net difference between projected and actual earnings on pension plan investments	558,265	3,146	10,280	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	142,845	60,916	146,096	10
Contributions subsequent to the measurement date	281,733	-	-	-
Total	$ 1,865,400	$ 69,124	$ 5,762,115	$ 32,177

Deferred outflows of resources of $281,733 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 ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	(Amounts in thousands)
2020	(1,961,215)
2021	(2,509,284)
2022	27,092
2023	302,007
2024	-
Thereafter	-

Judicial Division Trust Fund

(Amounts in thousands)	Deferred Outflows of Resources Related to		Deferred Inflows of Resources Related to	
	State's Own Employees	Employees of Other Governments	State's Own Employees	Employees of Other Governments
Difference between expected and actual experience	$ 19,266	$ 174	$ -	$ -
Changes of assumptions or other inputs	15,447	139	83,406	753
Net difference between projected and actual earnings on pension plan investments	12,070	109	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	315	1,352	170	-
Contributions subsequent to the measurement date	4,736	-	-	-
Total	$ 51,834	$ 1,774	$ 83,577	$ 753

Deferred outflows of resources of $4,736 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 ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	(Amounts in thousands)
2020	1,712
2021	(8,569)
2022	(17,055)
2023	(11,545)
2024	-
Thereafter	-

School & Denver Public Schools Division Trust Funds

The State participates in the School Division Trust Fund and the Denver Public Schools (DPS) Division Trust Fund as a governmental nonemployer contributing entity. Therefore, the deferred outflows of resources and deferred inflows of resources associated with the School and DPS Divisions relate only to employees of other governments.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
(Amounts in thousands)	School Division	DPS Division	School Division	DPS Division
Difference between expected and actual experience	$ 72,250	$ 21,418	$ -	$ 343
Changes of assumptions or other inputs	397,565	24,708	1,324,601	7,828
Net difference between projected and actual earnings on pension plan investments	116,096	44,628	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,155,259	253,106	-	13
Total	$ 2,741,170	$ 343,860	$ 1,324,601	$ 8,184

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expense to aid other governments as follows:

Year ended June 30:	(Amounts in thousands)
2020	846,684
2021	488,490
2022	282,263
2023	134,808
2024	-
Thereafter	

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division Trust Fund	Judicial Divison Trust Fund	School Division Trust Fund	DPS Divison Trust Fund
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.40 percent	2.40 percent	2.40 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent	1.10 percent	1.10 percent
Wage inflation	3.50 precent	3.50 precent	3.50 precent	3.50 precent
Salary increases, including wage inflation	3.50 - 9.17 percent	4.00 - 5.00 percent	3.50 - 9.70 percent	3.50 - 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Discount rate	4.72 percent	5.41 percent	4.78 percent	7.25 percent
Post-retirement benefit increases:				
PERA benefit structure hired prior to 1/1/07	2.00 percent compounded annually	2.00 percent compounded annually	2.00 percent compounded annually	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

The revised assumptions shown below are applicable to all division trusts and were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014* Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor for the SDTF and a 93 percent factor for JDTF, School, and DPS Divisions applied to rates for ages less than 80, a 108 percent factor for the SDTF and a 113 percent factor for the JDTF, School, and DPS Divisions applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor for the SDTF and a 68 percent factor for the JDTF, School, and DPS Divisions applied to rates for ages less than 80, a 109 percent factor for the SDTF and a 106 percent factor for the JDTF, School, and DPS Divisions applied to rates for ages 80 and above, and further adjustments for credibility.

*RP-2014 White Collar Healthy Annuitant Mortality Table used for Judicial, School and DPS Divisions

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and 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 adoption of the long-term expected rate of return by the PERA Board, the target asset 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**	**30 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 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 3.50%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200. 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 for each year, including the scheduled increase in SB 18-200. Employer contributions also include 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.

- As specified in law, the State will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process 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. 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 middle of the year.

Based on the above assumptions and methods, the projection test indicates the fiduciary net position of the SDTF, JDTF, and the School Division were projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of 4.72 percent, 5.41 percent, and 4.78 percent for the SDTF, JDTF and School Division, respectively. The discount rates are 2.53 percent, 1.84 percent, and 2.47 percent lower compared to the current measurement date for the SDTF, JDTF and School Division, respectively. There was no change in the discount rate from the prior measurement date for the DPS Division.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 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 (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

(Amount in thousands)	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	Proportionate Share of the Net Pension Liability		
State Division Trust Fund	$ 13,573,011	$ 10,918,046	$ 8,671,704
Judicial Division Trust Fund	177,931	134,072	96,321
School Division Trust Fund	2,707,870	2,129,952	1,644,982
DPS Division Trust Fund	518,057	349,095	208,478

Pension plan fiduciary net position. Detailed information about the SDTF's fiduciary net position is available in PERA's CAFR which can be obtained at:
www.copera.org/investments/pera-financial-reports.

University of Colorado – Alternate Medicare Plan

The University provides an Alternate Medicare Plan to retirees aged 65 and over. Additional information on this pension is available in the University of Colorado's 2019 Annual Financial Report available at:
https://www.cu.edu/controller/accounting-finance-system/external-reporting

NOTE 7 - OTHER POST EMPLOYMENT BENEFIT (OPEB) PLANS

Summary of OPEB Plans

The State of Colorado participates in the following OPEB plans:

- PERA Health Care Trust Fund (HCTF) OPEB
- University of Colorado Healthcare and Life Insurance Subsidy
- Colorado State University OPEB
    - Retiree Medical Premium Refund Plan for DCP Participants
    - Retiree Medical Premium Subsidy for PERA Participants
    - Retiree Umbrella Rx Plan for PERA Participants
    - Long-Term Disability Plan

Disclosures provided in this note are applicable to the PERA Health Care Trust Fund (HCTF) OPEB and to the University of Colorado OPEB. Disclosures applicable to the four Colorado State University OPEB plans are available in the Colorado State University System Financial Report for Fiscal Year 2019. That report is available at:

http://busfin.colostate.edu/Resources/Fin_Statements.aspx

PERA Health Care Trust Fund OPEB

Summary of Significant Accounting Policies

The State of Colorado participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

Eligible employees of the State are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a Comprehensive Annual Financial Report available at: www.copera.org/investments/pera-financial-reports.

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the State is statutorily committed to pay the contributions. Contributions made by the State and allocated to the HCTF for purposes of financial reporting were $30.2 million for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

At June 30, 2019 the State reported a liability of $454.4 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The State's proportion of the net OPEB liability is based on contributions to the HCTF from the State for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the State's proportion was 33.40 percent, which was a decrease of 0.32 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the State recognized OPEB expense of $36.6 million. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,651	$ 691
Changes of assumptions or other inputs	3,187	-
Net difference between projected and actual earnings on pension plan investments	2,682	70
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,105	10,630
Contributions subsequent to the measurement date	15,012	-
Total	$ 29,637	$ 11,391

$15,012 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	(Amounts in thousands)
2020	$ 366
2021	366
2022	366
2023	2,180
2024	(56)
Thereafter	(4)

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$736	$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is $422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following health care costs assumptions were used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and 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 adoption of the long-term expected rate of return by the PERA Board, the target asset 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**	**30 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
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 7.25%.

Sensitivity to Changes in Health Care Cost Trend Rates

The following table presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

(Amounts in thousands)	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend
PERACare Medicare	4.00%	5.00%	6.00%
Initial Medicare Part A	2.25%	3.25%	4.25%
Ultimate Medicare Part A	4.00%	5.00%	6.00%
Net OPEB Liability	$441,817	$454,363	$468,794

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 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:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.

- 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 3.50%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity to Changes in the Discount Rate

The following table presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

(Amount in thousands)	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 508,393	$ 454,363	$ 408,173

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at:

www.copera.org/investments/pera-financial-reports.

University of Colorado Healthcare and Life Insurance Subsidy

The University-administered single-employer postemployment benefit (non-pension) program was established by the Board of Regents, who have the authority to amend the program provisions. Under this program, the University subsidizes a portion of healthcare and life insurance premiums for retirees on a pay-as-you-go basis. This program does not issue a separate financial report. The University adopted the provisions of GASB Statement No. 75 in Fiscal Year 2018.

Funded Status and Funding Progress

There are no assets accumulating in a trust for the University's OPEB plan. The University contributed $15.5 million for the year ended June 30, 2019.

The actuarial valuation for the Fiscal Year 2019 had a measurement date of June 30, 2018. All employees are eligible based on age and years of service. The valuation was based on the March 1, 2017 participant data, in which there were 19,146 participants in the medical/dental plan, with 17,143 active employees and 2,003 retirees and beneficiaries, and 23,984 participants in the life insurance plan, with 20,315 active employees and 3,669 retirees and beneficiaries.

The University recognized $53.3 million in OPEB expense for this plan in Fiscal Year 2019. The following details the changes in the University's total OPEB plan liability during Fiscal Year 2019:

Reconciliation of University's OPEB Liability *(in thousands)*

		Total OPEB Liability
Balance recognized at June 30, 2018	$	746,773
Changes recognized for the fiscal year:		
Services cost		49,754
Interest on total OPEB liability		28,404
Differences between expected and actual experience		(1,728)
Changes of assumption		35,919
Benefit payments		(15,163)
Net changes		97,186
Balance recognized at June 30, 2019	$	843,959

Actuarial Methods and Assumptions.

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal actuarial cost method is used. The discount rate used in the valuation is 3.85 percent as of the June 30, 2018 measurement, and is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The healthcare trend assumption reflects healthcare cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests a 7.00 percent long-term average increase for medical benefits, and an 11 percent increase for prescriptions, both trending down to a 4.50 percent increase for 2027 and later years. The dental trend rate is 4.00 percent, and the administrative expenses trend rate is 3.00 percent. The June 30, 2018 measurement date used the PUB-2010 Teachers Classification Table with generational projection using Scale MP-2018.

The valuation reflects the following assumption changes from the June 30, 2017 measurement date to the June 30, 2018 measurement date:

- Interest rate changed from 3.60 percent to 3.85 percent

- Mortality table was updated to reflect the Public Retirement Plans Mortality Tables Report issued by the Society of Actuaries in January 2019. The specific assumption used is the PUB-2010 Teachers Classification Table with generational projection using Scale MP-2018. The impact of this change was an increase in the University's total OPEB liability of about 8 percent.

The following table illustrates the impact of interest rate sensitivity on the University's total OPEB liability for Fiscal Year 2019:

Sensitivity of University's Total OPEB Liability *(in thousands)*

	1% Increase (4.85%)	Discount Rate (3.85%)	1% Decrease (2.85%)
1% decrease	603,737	693,531	805,199
Health Care Trend Rates	725,144	843,959	994,103
1% increase	882,658	1,042,382	1,247,693

The following table illustrates the deferred outflows and inflows of resources as of June 30, 2019:

University's OPEB Deferred Outflows and Inflows *(in thousands)*

	2019	
	Deferred Outflows	Deferred Inflows
Changes in Assumptions	31,130	-
Contributions subsequent to the measurement dat	15,461	-
Total	46,591	-

Between the June 30, 2018 measurement date of the University's total OPEB liability and the University's June 30, 2019 reporting date, the University made contributions of $15.5 million during FY 2019 that impacted the total OPEB liability and were treated as a deferred outflow of resources.

The following table lists the amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2019:

Amortization of University's OPEB Deferred Outflows and Inflows *(in thousands)*

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
July 1, 2017	Liability experience	7.4	5.4	$ (87,654)	(63,964)	(11,845)
July 1, 2017	Assumption change	7.4	5.4	(46,406)	(33,864)	(6,271)
July 1, 2018	Liability experience	7.5	6.5	(1,728)	(1,498)	(230)
July 1, 2018	Assumption change	7.5	6.5	35,919	31,130	4,789
	Total Charges			$ (134,060)	(68,196)	(13,557)

The deferred outflows from contributions subsequent to the measurement date of $15.5 million will be recognized as a reduction to the University's OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows related to the University's OPEB liability will be recognized in OPEB expense as summarized in the table below:

Future Amortization of University's OPEB Deferred Outflows and Inflows *(in thousands)*

Years ending June 30:	
2020	$ (13,557)
2021	(13,557)
2022	(13,557)
2023	(13,557)
2024	(13,557)
2025-2026	(411)
Total	$ (68,196)

NOTE 8 – OTHER EMPLOYEE BENEFITS

A. MEDICAL AND DISABILITY BENEFITS

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

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (such as COBRA and case management). Premiums also include a fee to offset the internal costs of administering the plan. Internal costs include developing plan offerings, maintaining the online benefits system, and communicating benefit provisions to employees. Employee healthcare premiums are allowed on a pretax basis under the State's Salary Reduction Plan Document. Effective July 1, 2013, premiums also included a fee to implement a statewide wellness program. During Fiscal Year 2019, covered employees who elected to participate in the wellness plan received a monthly health insurance premium credit of $20 depending on the level of participation.

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

The Public Employees Retirement Association (PERA) covers short-term disability claims for State employees eligible under its retirement plan (see Note 6). The Group Benefit Plans Fund provides short-term disability coverage for employees not yet qualified for the retirement plan and secondary benefits for employees also covered under the PERA short-term disability plan.

The Group Benefit Plans short-term disability program provides an employee with 60 percent of their pay beginning after 30 days of disability or exhausting their sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability.

B. DEFINED CONTRIBUTION RETIREMENT PLANS

PERAPlus 401(k) Plan

Plan Description - Employees of the State of Colorado that are also members of the SDTF may voluntarily contribute to the PERAPlus 401(k) Program (a voluntary investment program), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The annual contribution limit for employees who participate in the 401(k) Plan increased from $18,500 in Calendar Year 2018 to $19,000 in Calendar Year 2019. The catch-up contribution limit for employees aged 50 and over who participate in the 401(k) Plan remains unchanged from the prior year of $6,000. Employees are immediately vested in their own contributions.

Defined Contribution Retirement Plan (DC Plan)

Plan Description – Employees of the State of Colorado that were hired on or after January 1, 2006 and employees of certain community colleges that were hired on or after January 1, 2008 which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). Senate Bil 18-200 expanded eligibility to participate in the PERA DC Plan to new employees hired on or after January 1, 2019, who are classified college and university employees in the State Division. The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's comprehensive annual financial report as referred to above.

Funding Policy – All participating employees in the PERA DC Plan, with the exception of State Troopers, are required to contribute 8.00 percent of their PERA-includable salary, and the State of Colorado is required to contribute 10.15 percent of PERA-includable salary on behalf of these employees. All participating State Troopers are required to contribute 10.00 percent of their PERA-includable salary, and the State of Colorado is required to contribute 12.85 percent of PERA-includable salary on behalf of these employees. Additionally, the State of Colorado is required to contribute AED and SAED to the SDTF as follows:

	As of June 30, 2019
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Total employer contribution rate to the SDTF[1]	**10.00%**

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.08 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed approximately $11.4 million and the State of Colorado recognized pension contributions of approximately $12.5 million, respectively, for the PERA DC Plan.

University of Colorado - Optional Retirement Plan

Under the University's optional retirement plan (ORP), certain members of the University are required to participate in a defined contribution retirement plan administered by the University for the benefit of full-time faculty and exempt staff members. The State constitution assigns the authority to establish and amend plan provisions to the Regents. The contribution requirements of plan members and the University are established and may be amended by the Regents.

Generally, employees are eligible for participation in the ORP upon hire and are vested immediately upon participation.

For the year ended June 30, 2019, the University's contribution to the defined contribution retirement plan was equal to 10 percent of covered payroll, and the employee contribution was equal to 5 percent of covered payroll. The University's contribution under the ORP approximated $154.7 million during the year ended June 30, 2019. The employees' contribution under the ORP approximated $77.2 million during the year ended June 30, 2019.

Participants in the University's ORP choose to invest all contributions with one or more of three designated vendors. In addition, participants in the University's ORP are covered under federal Social Security. Federal Social Security regulations require both the employer and employee to contribute a percentage of covered payroll to Social Security.

University of Colorado – Voluntary Retirement Savings Plan

The University provides a voluntary retirement savings plan to most employees referred to as a 403(b) plan. Employee salary deferrals into the 403(b) plan are made before income tax is paid and allowed to grow tax-deferred until the money is taxed as income when withdrawn from the plan. For calendar year 2018 and 2017, the plan had a contribution limit of $18,000. In addition, the plan allowed catch-up contributions of $6,000. The plan is administered by the University, and the benefit terms are established and can be amended under the Employee Retirement Income Security Act (ERISA). The employees' contributions to this 403(b) plan approximated $48.0 million for Fiscal Year 2019.

NOTE 9 – RISK MANAGEMENT

The State currently self-insures its agencies, officials, and employees for certain risks of loss to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. Per statute, individual Department property claims have a $5,000 deductible per occurrence. Pursuant to the Colorado Governmental Immunity Act, Section 24-10-101 C.R.S., claims that accrued before January 1, 2018 brought under state law are limited to $350,000 per person and $990,000 per accident. Claims that accrue after January 1, 2018 and before January 1, 2022 brought under state law are limited to $387,000 per person and $1,093,000 per accident. The Colorado Governmental Immunity Act requires the Secretary of State to certify adjusted limits for claims that accrue after January 1, 2022 by that date based on the percentage change of the consumer price index over the preceding four years. The Risk Management Fund is reported as a Special Purpose General Fund, and it is used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the State.

Workers compensation losses are self-insured per the Risk Management Act (Section 24-30-1501, C.R.S.); the State has purchased $50.0 million of excess insurance per occurrence ($10.0 million deductible). Property claims are self insured as well; $450.0 million of property loss insurance ($500,000 deductible). The State has also purchased excess liability coverage for automotive liability outside Colorado $5.0 million per occurrence ($2.0 million deductible), and $10.0 million of employee dishonesty and theft loss coverage ($250,000 deductible). Settlements have not exceeded insurance coverage in any of the three prior years.

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

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

Because actual claims liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. A contractor completes an actuarial study each year determining both the current and long-term liabilities of the Risk Management Fund.

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

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $500,000 per individual. In Fiscal Year 2019, the

State recovered approximately $4.1 million related to the stop-loss insurance claims. The State's contribution to medical premiums is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State's contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund.

The State recorded approximately $9.4 million of insurance recoveries during Fiscal Year 2019. Of that amount approximately $1.0 million was related to asset impairments that occurred in prior years. The remaining $8.4 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $4.1 million, as noted above), a Pension and Other Employee Benefits Fund, and $2.1 million by Higher Education in the Higher Education Institutions Fund.

The University of Colorado is self-insured for workers' compensation, auto, and general and property liability. An actuarial projection is performed to estimate the self-insured plan's undiscounted liabilities. The University purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $1.5 million per worker's compensation claim, and $1.25 million per general liability claim. There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

University of Colorado tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $350,000 per person and $990,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2019, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Anschutz Medical Campus. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $325,000 per person. There were no reductions of insurance coverage in Fiscal Year 2019 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $295,301 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

The University of Colorado Denver also self-insures its faculty and staff for medical malpractice through the University of Colorado Self-Insurance Trust, consistent with the limits of governmental immunity. For claims outside of governmental immunity, the Trust has purchased stop-loss insurance to cover claims greater than $500,000 per claimant, $1.5 million per occurrence, and $8.0 million in aggregate annually. The discounted liability for malpractice is determined annually by an actuarial study. There was no significant reduction in insurance coverage in Fiscal Year 2019, however, the University collected $638,217 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $275,000. The related liability is based on underwriting review of claims history and current data. The University is self-insured for worker's compensation up to $500,000 per occurrence and has purchased reinsurance for individual claims up to statutory limits. There was no significant reduction in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

The Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 per occurrence with excess insurance purchased for claims up to $10.0 million and additional insurance purchased for up to $15.0 million, for a total of $25.0 million per occurrence. The University is self-insured for property damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. The University carries cyber risk liability insurance up to $10.0 million ($250,000 deductible for cyber extortion and $10,000 deductible for crisis management and public relations). The University also purchased $1.0 million of international liability insurance, $50.0 million of aviation liability insurance ($1,000 deductible for each occurrence), a $30.0 million fine arts and special collections policy, and $1.0 million per occurrence of unmanned aerial vehicles liability insurance. The University also carries liability, professional liability, and pollution liability for the Center for Environmental Management Military Lands (CEMML) operations, including prescribed burn operations, which includes a primary layer of $2.0 million aggregate, an umbrella layer of $5.0 million, and an excess layer of $5.0 million. The University purchased additional limits of $40.0 million for CEMML operations including additional responsibility for prescribed burning. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

The University of Northern Colorado manages general liability, professional liability, property, automobile, and worker's compensation risks primarily through the purchase of insurance. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2006.

The University has purchased $3.0 million of general liability insurance ($0 deductible), $3.0 million of professional liability insurance ($25,000 deductible), $1.0 million of automobile liability ($0 deductible), $3.0 million of errors and omissions insurance ($25,000 deductible), $3.0 million of employment practices liability ($25,000 deductible), $500,000 of worker's compensation insurance ($1,000 deductible), $1.0 million of employee fraud insurance ($5,000 deductible), $500.0 million of property insurance ($25,000 deductible), and $2.0 million umbrella liability ($10,000 self-insured retention). There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Colorado School of Mines manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($0 deductible). Before Fiscal Year 2018, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded coverage during the fiscal year.

Colorado School of Mines manages other liability risks through the purchase of insurance. The University purchased $2.0 million of general liability insurance ($0 deductible), $4.0 million of educator's legal liability insurance ($10,000 deductible), $1.0 million of automobile liability ($1,000 deductible), $1.0 million of fiduciary ($0 deductible), $4.0 million of employment practices liability ($25,000 deductible), $3.0 million of umbrella liability ($10,000 self-insured retention), $1.0 million of employee dishonesty ($10,000 deductible), $1.0 million of property ($100,000 deductible), $750,000 of inland marine ($5,000 deductible), and $1.0 million of aviation ($0 deductible). Before Fiscal Year 2018, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded coverage during the fiscal year.

Fort Lewis College manages worker's compensation risks primarily through the purchase of insurance. The College has purchased $500,000 of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2011, the College was covered under the State's risk management program. The College retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages general liability risks primarily through the purchase of insurance. The College has purchased blanket building and personal property insurance of $481.9 million ($10,000 deductible), $2.0 million of general liability ($0 deductible), $7.0 million of fine arts insurance ($2,500 deductible). The College has also purchased $1.0 million of employee dishonesty insurance ($10,000 deductible). Before Fiscal Year 2012, the College was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado Mesa University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $1.0 million of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2011, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded insurance coverage in the past three fiscal years.

Colorado Mesa University manages general liability risks primarily through the purchase of insurance. The University has purchased $2.0 million of general liability insurance ($1,000 deductible). Before Fiscal Year 2012, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2011. There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($500 deductible). Before Fiscal Year 2012, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2011 There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability insurance of $2.0 million ($1,000 deductible for accidents and acts of nature, $10,000 for loss to property). Before Fiscal Year 2013, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2013. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased worker's compensation insurance of $500,000 ($500 deductible). Before Fiscal Year 2012, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability for auto, fidelity, liability and fire insurance of $1.0 million ($0 deductible) and $2.0 million aggregate. Before Fiscal Year 2012, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
State Risk Management:				
Liability Fund				
2018-19	$ 22,399	$ 4,007	$ 4,330	$ 22,076
2017-18	23,885	2,816	4,302	22,399
2016-17	24,926	3,054	4,095	23,885
Workers' Compensation				
2018-19	126,908	22,011	30,709	118,210
2017-18	134,393	23,503	30,988	126,908
2016-17	133,672	35,984	35,263	134,393
Group Benefit Plans:				
2018-19	18,459	246,177	243,701	20,935
2017-18	16,077	233,694	231,312	18,459
2016-17	15,766	201,105	200,794	16,077
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2018-19	16,769	3,962	6,255	14,476
2017-18	16,119	7,913	7,263	16,769
2016-17	16,726	7,388	7,995	16,119
University of Colorado Denver:				
Graduate Medical Education Health Benefits Program				
2018-19	2,689	13,856	13,713	2,832
2017-18	2,309	13,012	12,632	2,689
2016-17	1,666	10,357	9,714	2,309
Medical Malpractice				
2018-19	9,767	4,377	3,434	10,710
2017-18	9,428	1,451	1,112	9,767
2016-17	11,469	1,006	3,047	9,428
Colorado State University:				
Medical, Dental, and Disability Benefits and General Liability				
2018-19	30,548	62,504	58,077	34,975
2017-18	29,917	57,038	56,407	30,548
2016-17	26,760	54,124	50,967	29,917
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2018-19	78	36	59	55
2017-18	135	(25)	32	78
2016-17	355	(172)	48	135
Colorado School of Mines:				
General Liability, Property, and Workers' Compensation				
2018-19	295	-	39	256
2017-18	-	321	26	295

Changes in Claims Liabilities
(Amounts in Thousands)

(Continued) Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
Fort Lewis College:				
Workers' Compensation				
2018-19	2	4	-	6
2017-18	2	3	3	2
2016-17	-	5	3	2
General Liability				
2018-19	-	11	-	11
2017-18	3	(3)	-	-
2016-17	39	3	39	3
Colorado Mesa University:				
Workers' Compensation				
2018-19	29	42	19	52
2017-18	36	27	34	29
2016-17	220	(130)	54	36
General Liability				
2018-19	36	238	92	182
2017-18	-	18	(18)	36
2016-17	3	10	13	-

NOTE 10 – LEASES AND SHORT-TERM DEBT

LEASE COMMITMENTS

Management is authorized to enter lease or rental agreements for buildings and/or equipment. All leases contain clauses stipulating that continuation of the lease is subject to funding by the Legislature. Historically, these leases have been renewed in the normal course of business. Therefore, they are treated as non-cancellable for financial reporting purposes.

At June 30, 2019, the State had the following amounts of assets under capital lease:

	(Amounts in Thousands)		
Gross Capital Assets Under Lease:	Governmental Activities	Business-Type Activities	Total
Land	$ -	$ -	$ -
Buildings	54,936	38,917	93,853
Equipment and Other	279,447	34,493	313,940
Total Capital Assets Under Lease, Gross	334,383	73,410	407,793
Less Accumulated Depreciation:			
Buildings	(12,555)	(15,487)	(28,042)
Equipment and Other	(170,638)	(5,947)	(176,585)
Total Accumulated Depreciation	(183,193)	(21,434)	(204,627)
Total Capital Assets Under Lease, Net	$ 151,190	$ 51,976	$ 203,166

At June 30, 2019, the State expected future minimum sublease rentals relating to operating leases of $410,594 in business-type activities and $137,372 in governmental activities. No future minimum sublease rentals related to capital leases are expected.

During the year ended June 30, 2019, the State incurred no contingent rentals related to capital and operating leases.

For Fiscal Year 2019, the State recorded building and land rent of $64.1 million for governmental-type activities, $25.4 million for business-type activities, and $33.179 for fiduciary activities. The State also recorded equipment and vehicle rental expenditures of $11.4 million and $48.9 million for governmental and business-type activities, respectively. The above amounts were payable to entities external to State government and do not include transactions with the State's fleet management program.

The State recorded $3.3 million of capital lease interest costs for governmental activities and $1.4 million for business-type activities in Fiscal Year 2019.

In Fiscal Year 2019, the State entered into approximately $19.6 million of capital leases related to the State's fleet management program, which is reported in an internal service fund that does not report capital lease proceeds.

Future minimum payments at June 30, 2019, for existing leases were as follows:

(Amounts in Thousands)

	Operating Leases		Capital Leases			
			Governmental Activities		Business-Type Activities	
Fiscal Year(s)	Governmental Activities	Business-Type Activities	Principal	Interest	Principal	Interest
2020	$ 50,209	$ 29,266	$ 26,162	$ 3,571	$ 6,420	$ 1,431
2021	44,185	23,359	23,628	2,993	6,053	1,250
2022	39,227	20,906	22,073	2,448	5,412	1,063
2023	34,721	16,989	14,079	1,513	4,863	883
2024	32,364	13,350	10,790	1,027	3,578	716
2025 to 2029	68,561	50,986	25,706	1,830	17,858	1,255
2030 to 2034	2,423	2,723	1,162	67	1,778	57
2035 to 2039	540	684	-	-	-	-
2040 to 2044	61	667	-	-	-	-
2045 to 2049	61	592	-	-	-	-
2050 to 2054	61	107	-	-	-	-
2055 to 2059	61	113	-	-	-	-
Thereafter	602	-	-	-	-	-
Total	$ 273,076	$ 159,742	$ 123,600	$ 13,449	$ 45,962	$ 6,655

SHORT-TERM DEBT

On July 19, 2018, the State Treasurer issued $600.0 million of General Fund Tax Revenue Anticipation Notes (GTRAN), Series 2018. The notes were due and payable on June 26, 2019, at a coupon rate of 4.333 percent. The total interest related to this issuance was $24.3 million; however, the notes were issued at a premium of $15.6 million, resulting in net interest costs (including the cost of issuance) of $9.0 million and a yield of 1.524 percent. The notes were issued for cash management purposes and were repaid by June 26, 2019, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes and lend the proceeds to local school districts in anticipation of local school district revenues to be collected at a later time. On July 18, 2018, the State Treasurer issued $310.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2019A. The notes were due and payable on June 27, 2019, at a coupon rate of 4.323 percent. The total interest related to this issuance was $12.6 million; however, the notes were issued at a premium of $7.9 million, resulting in net interest costs (including cost of issuance) of $4.9 million or 1.561 percent. The notes matured on June 27, 2019, and were repaid.

On January 16, 2019, the State Treasurer issued $325.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2019B. The notes were due and payable on June 27, 2019, at a coupon rate of 3.446 percent. The total interest related to this issuance was $5.0 million; however, the notes were issued at a premium of $2.7 million, resulting in net interest costs (including cost of issuance) of $2.5 million or 1.605 percent. The notes matured on June 27, 2019, and were repaid.

On June 5, 2018, the University of Colorado issued the first tranche of Commercial Paper in the amount of $40.0 million with a maturity of September 6, 2018. The initial issuance of commercial paper is being used to fund the construction of Williams Village East Housing and the Aerospace Engineering Building at the CU Boulder. The initial rate was 1.30 percent. Two additional Boulder capital construction projects were added to Commercial Paper during the year for the Imig Music Building and Fleming Tower renovation. The average interest rate of borrowing through fiscal year end was 1.62 percent. Approximately $161.0 million of commercial paper will be retired with permanent financing to be issued in the fall of 2019.

On June 20, 2018, the Board of Governors of the Colorado State University System was authorized to issue Commercial Paper Notes in the aggregate principal amount not to exceed $50.0 million as part of the Series A and Taxable Series B issuance. The maturity date of any Notes issued may not exceed two hundred and seventy days from the date of issuance and no maturity may be later than March 1, 2037. Pursuant to the Bond Resolution, the obligations are payable solely from Net Revenues, as defined. The Notes are being used to finance certain projects, as determined by the Board, including but not limited to: the construction, acquisition, renovation, improvement, and equipping of the Michael Smith Natural Resources Building in Fort Collins; the Richardson Design Center in Fort Collins; the Institute for Biological and Translational Therapies in Fort Collins; the JBS Global Food Innovation Center in Honor of Gary and Kay Smith in Fort Collins; the Residence and Dining Corbett remodel project; and the Western Slope CVMBS/Extension Project; any other improvements to any of the campuses for which the Board has spending authority; and such other capital projects as may be designated by the Board. During Fiscal Year 2019, 13 trade tickets were issued for $44.2 million, the last of which matures on October 2, 2019. The coupon rates ranged from 2.22 percent to 2.68 percent. The total interest related to these issuances is $0.5 million.

In May 2019, the Board of Governors of the Colorado State University System approved the first amendment to the twelfth supplemental resolution, increasing the aggregate principal amount authorized to be issued from $50.0 million to $75.0 million. This increase will be effective beginning Fiscal Year 2020.

The following schedule shows the changes in short-term financing for the period ended June 30, 2019:

	(Amount in Thousands)			
	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 600,000	$ (600,000)	$ -
Education Loan Anticipation Notes	-	635,000	(635,000)	-
Total Governmental Activities Short-Term Financing	-	1,235,000	(1,235,000)	-
Business Type Activities:				
Tax Exempt Commercial Paper	50,000	474,700	(340,000)	184,700
Total Business Type Activities Short-Term Financing	50,000	474,700	(340,000)	184,700
Total Short-Term Financing	$ 50,000	$ 1,709,700	$ (1,575,000)	$ 184,700

NOTE 11 – NOTES, BONDS, AND CERTIFICATES OF PARTICIPATION PAYABLE

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

Collectively, the State's business-type activities had $1,850.2 million in available net revenue after operating expenses to meet the $310.9 million of debt service requirement related to revenue bonds.

The revenue of an individual business-type activity is generally not available to meet the debt service requirements of another business-type activity. (See additional disclosures regarding pledged revenue in Note 17.)

During Fiscal Year 2019 the State recorded $331.7 million of interest costs, of which $113 million was recorded by governmental activities and $218.7 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $6.3 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $17 million of interest on Certificates of Participation issued by the Judicial Branch, $42.3 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program and $8.8 million of interest on Education and General Fund Tax and Revenue Anticipation Notes issued by the State Treasurer. The business-type activities interest cost primarily comprises $198.8 million of interest on revenue bonds issued by institutions of higher education, $12.8 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, and $7.1 million of interest on bonds issued by the Bridge Enterprise in the Transportation Enterprise. College Assist and the Transportation Enterprise are nonmajor enterprise funds. Annual maturities of notes, bonds, and COPs payable at June 30, 2019, are as follows:

(Amounts in Thousands)

	Governmental Activities (Non-Direct Borrowings and Non-Direct Placements)			
	Certificates of Participation		Totals	
Fiscal Year	Principal	Interest	Principal	Interest
2020	$ 50,780	$ 86,446	$ 50,780	$ 86,446
2021	62,645	84,465	62,645	84,465
2022	48,785	81,564	48,785	81,564
2023	51,035	79,194	51,035	79,194
2024	140,555	76,685	140,555	76,685
2025 to 2029	443,710	334,758	443,710	334,758
2030 to 2034	436,535	230,097	436,535	230,097
2035 to 2039	441,165	126,413	441,165	126,413
2040 to 2044	245,905	34,787	245,905	34,787
2045 to 2049	18,250	738	18,250	738
Subtotals	1,939,365	1,135,147	1,939,365	1,135,147
Unamortized Prem/Discount	137,389	-	137,389	-
Totals	$ 2,076,754	$ 1,135,147	$ 2,076,754	$ 1,135,147

(Amounts in Thousands)

Governmental Activities (Direct Borrowings and Direct Placements)

Fiscal Year	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2020	$2,220	$ 142	$ 3,640	$ 2,662	$ 5,860	$ 2,804
2021	2,270	95	3,735	2,541	6,005	2,636
2022	2,315	48	3,850	3,167	6,165	3,215
2023	-	-	2,920	3,010	2,920	3,010
2024	-	-	3,040	2,857	3,040	2,857
2025 to 2029	-	-	17,145	13,019	17,145	13,019
2030 to 2034	-	-	20,075	9,801	20,075	9,801
2035 to 2039	-	-	17,000	7,161	17,000	7,161
2040 to 2044	-	-	25,770	6,146	25,770	6,146
2045 to 2049	-	-	-	343	-	343
Subtotals	6,805	285	97,175	50,707	103,980	50,992
Unamortized Prem/Discount	-	-	276	-	276	-
Totals	$6,805	$ 285	$ 97,451	$ 50,707	$104,256	$ 50,992

(Amounts in Thousands)

Business-Type Activities (Non-Direct Borrowings and Non-Direct Placements)

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Mortgages Payable Principal	Mortgages Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2020	$ 152,875	$ 179,869	$ 371	$ 429	$ 32,985	$ 16,582	$ 186,231	$ 196,880
2021	131,723	173,765	386	414	33,025	15,272	165,134	189,451
2022	136,362	168,437	403	397	34,455	13,829	171,220	182,663
2023	138,742	162,837	420	380	29,905	12,386	169,067	175,603
2024	139,439	158,954	439	362	31,175	10,950	171,053	170,266
2025 to 2029	789,275	679,648	2,487	1,518	122,685	34,203	914,447	715,369
2030 to 2034	827,318	488,880	6,007	808	55,810	12,689	889,135	502,377
2035 to 2039	770,130	298,249	-	-	38,580	4,029	808,710	302,278
2040 to 2044	472,755	139,678	-	-	-	-	472,755	139,678
2045 to 2049	192,120	65,231	-	-	-	-	192,120	65,231
2050 to 2054	120,390	32,267	-	-	-	-	120,390	32,267
2055 to 2059	62,185	5,616	-	-	-	-	62,185	5,616
Subtotals	3,933,314	2,553,431	10,513	4,308	378,620	119,940	4,322,447	2,677,679
Unamortized Prem/Discount	306,273	-	-	-	33,559	-	339,832	-
Unaccreted Interest	(4,680)	-	-	-	-	-	(4,680)	-
Totals	$4,234,907	$2,553,431	$10,513	$4,308	$ 412,179	$ 119,940	$4,657,599	$2,677,679

.

(Amounts in Thousands)

Business-Type Activities (Direct Borrowings and Direct Placements)

Fiscal Year	Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2020	$ 6,449	$ 5,877	$ 134	$ 1,174	$ 2,475	$ 498	$ 9,058	$ 7,549
2021	10,534	5,260	37	1,171	2,545	428	13,116	6,859
2022	10,849	4,964	37	1,171	2,620	356	13,506	6,491
2023	11,964	4,658	6,538	2,222	2,135	305	20,637	7,185
2024	13,574	4,311	16,139	2,951	2,125	257	31,838	7,519
2025 to 2029	61,153	16,343	26,027	2,373	8,960	526	96,140	19,242
2030 to 2034	47,620	8,774	-	-	-	-	47,620	8,774
2035 to 2039	25,820	4,154	-	-	-	-	25,820	4,154
2040 to 2044	16,630	1,823	-	-	-	-	16,630	1,823
2045 to 2049	10,070	325	-	-	-	-	10,070	325
Subtotals	214,663	56,489	48,912	11,062	20,860	2,370	284,435	69,921
Unamortized Prem/Discount	2,647	-	-	-	(18)	-	2,629	-
Totals	$217,310	$ 56,489	$48,912	$11,062	$ 20,842	$ 2,370	$287,064	$ 69,921

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2019, the Colorado School of Mines' aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

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

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2020	$ 575	$ 490	$ 1,024	$ 2,089
2021	575	482	1,008	2,065
2022	850	472	987	2,309
2023	925	460	963	2,348
2024	975	448	936	2,359
2025 to 2029	8,150	1,995	4,170	14,315
2030 to 2034	13,600	1,221	2,553	17,374
2035 to 2039	11,685	299	626	12,610
Totals	$ 37,335	$ 5,867	$ 12,267	$ 55,469

In January 2018, Colorado State University entered into a floating to fixed interest rate swap agreement in connection with the 2015D System Enterprise Revenue Bonds.

Assuming current interest rates are applied over the term of the debt, at June 30, 2019, Colorado State University's aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Colorado State University Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2020	$ -	$ 1,270	$ 9	$ 1,279
2021	-	1,266	9	1,275
2022	-	1,266	9	1,275
2023	-	1,266	9	1,275
2024	1,005	1,264	9	2,278
2025 to 2029	8,310	5,936	43	14,289
2030 to 2034	19,495	4,622	34	24,151
2035 to 2039	12,945	3,029	22	15,996
2040 to 2044	14,830	1,727	13	16,570
2045 to 2048	10,070	323	2	10,395
Totals	$ 66,655	$ 21,969	$ 159	$ 88,783

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

Non-Direct Borrowings and Non-Direct Placements (Amounts in Thousands)

	Revenue Bonds	Mortgages Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ -	$ 2,106,200	$ 2,106,200
Business Type Activities	5,111,694	12,450	560,263	$ 5,684,407
Total	$ 5,111,694	$ 12,450	$ 2,666,463	$ 7,790,607

Direct Borrowings and Direct Placements (Amounts in Thousands)

	Revenue Bonds	Notes Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ 21,075	$ 117,420	$ 138,495
Business Type Activities	233,640	49,768	34,080	$ 317,488
Total	$ 233,640	$ 70,843	$ 151,500	$ 455,983

Derivative Instruments

Colorado School of Mines: In Fiscal Year 2008, the University entered into a floating to fixed interest rate swap agreement (Swap Agreement) in connection with the 2008A issuance. The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. The 2008A issuance was refunded with the Series 2010A issuance. The Series 2010A was refunded with the issuance of the Series 2018A Refunding Bonds. The Swap Agreement was not terminated and was associated with the Series 2018A issuance. The Swap Agreement has a notional amount of $37,335,000 and $37,885,000 and a fair value of ($9,163,846) and ($6,837,113) at June 30, 2019 and 2018, respectively. The Swap Agreement provides for certain payments to or from Morgan Stanley equal to the difference between the fixed rate of 3.59 percent payable by the University and 67 percent of one month USD-LIBOR-BBA, 2.37038 percent and 1.229 percent at June 30, 2019 and 2018, respectively, payable by Morgan Stanley. The fair value of the swap is classified as a noncurrent liability and the change in fair value of the swap is classified as a deferred outflow at June 30, 2019 and 2018. On the date of the refunding of the Series 2010A Bonds, the fair market value of the swap was ($6,998,662) and was included in the calculation of deferred loss on refunding and is being amortized over the life of the Series 2018A Refunding Bonds. Accumulated amortization of the deferred loss as of June 30, 2019 and 2018 was $502,151 and $1,350,621, respectively. Morgan Stanley, counterparty to the Swap Agreement, determined the fair value as of June 30, 2019 and 2018, using a discounted forecasted cash flows; however, the actual method and significant assumptions used are proprietary. The Swap Agreement has an effective date of March 5, 2008 and a termination date of December 1, 2038.

There can be risks inherent to interest rate swaps that the University addresses and monitors pursuant to entering into interest rate swap agreements:

- Termination Risk – The need to terminate the transaction in a market that dictates a termination payment by the University. It is possible that a termination payment is required in the event of termination of a swap agreement due to a counterparty default or following a decrease in credit rating. In general, exercising the right to optionally terminate an agreement should produce a benefit to the University, either through receipt of a payment from a termination, or if a termination payment is made by the University, a conversion to a more beneficial debt instrument or credit relationship.
- Credit Risk – The risk that the counterparty will not fulfill its obligations. The University considers the Swap Agreement counterparty's (Morgan Stanley) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2019, Morgan Stanley's credit rating is A3 by Moody's, BBB+ by Standards & Poor's. For the outstanding Swap Agreement the University has a maximum possible loss equivalent to the swaps' fair value at June 30, 2019 and 2018 related to the credit risk. However, the University was not exposed to this loss because of the negative fair value of the swaps as of June 30, 2019 and 2018. In addition, these agreements required no collateral and no initial net cash receipt or payment by the University.
- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the University. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, it is the University's policy that any index used as part of an interest rate swap agreement shall be a recognized market index, including, but not limited to, the Securities Industry and Financial Markets Association (SIFMA) or the London Interbank Offered Rate (LIBOR).

Colorado State University: On January 16, 2018, the University entered into a floating to fixed interest rate swap agreement (Swap Agreement) in connection with the 2015D System Enterprise Revenue Bonds. The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. The Swap Agreement has a notional amount of $66.7 million and a fair value of $(5.0) million at June 28, 2019. The fair value of the Swap is classified as a noncurrent liability and the change in fair value of the Swap of $(5.7) million is recorded as long-term liability and deferred inflow at June 30, 2019. The Swap Agreement has an effective date of July 1, 2019 and a termination date of March 1, 2047.

The Swap Agreement provides for certain payments by The Royal Bank of Canada (RBC) equal to the difference between the fixed rate of 1.91390 percent payable by the University and 70 percent of one month UDS-LIBOR-BBA, payable by RBC. RBC, counterparty to the Swap Agreement, determined the fair value as of June 28, 2019 using a discounted forecasted cash flow.

There can be risks inherent to interest rate swaps that the University addressed and monitors pursuant to entering into interest rate Swap Agreements:

- Termination Risk – Termination Risk is the need to terminate the transaction in a market that dictates a termination payment by the University. It is possible that a termination payment is required in the event of termination of a Swap Agreement due to a counterparty default. In general, exercising the right to optionally terminate an agreement should produce a benefit to the University, either through receipt of a payment from a termination, or if a termination payment is made by the University, a conversion to a more beneficial debt instrument or credit relationship.
- Credit Risk – Credit Risk is the risk that the counterparty will not fulfill its obligations. The University considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2019, RBC's credit rating is rated A2 by Moody's and A- by S&P.

  The Swap contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $20 million at both parties current credit rating or $10 million if the parties credit rating falls to A2/A.

- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the University. Basis risk can also result from the use of floating, but different, indices.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2019:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 921	$ 9,513	$ (878)	$ 9,556	$ 8,972
Accrued Compensated Absences	175,402	19,999	(14,707)	180,694	14,076
Claims and Judgments Payable	223,677	42,298	(55,487)	210,488	42,298
Capital Lease Obligations	131,874	44,178	(52,452)	123,600	26,162
Certificates of Participation	1,426,314	797,035	(49,144)	2,174,205	54,420
Notes, Anticipation Warrants, Mortgages	8,980	2,220	(4,395)	6,805	2,220
Net Pension Liability	11,933,852	-	(2,556,495)	9,377,357	-
Other Postemployment Benefits	272,039	12,225	-	284,264	-
Other Long-Term Liabilities	457,567	49,894	(262,248)	245,213	-
Total Governmental Activities Long-Term Liabilities	14,630,626	977,362	(2,995,806)	12,612,182	148,148
Business-Type Activities					
Deposits Held In Custody For Others	45,230	48,951	(45,210)	48,971	48,946
Accrued Compensated Absences	365,212	44,738	(32,139)	377,811	27,279
Claims and Judgments Payable	35,505	12,854	(4,388)	43,971	1,581
Capital Lease Obligations	48,154	12,632	(14,824)	45,962	6,420
Derivative Instrument Liabilities	6,837	7,858	(502)	14,193	-
Bonds Payable	4,602,833	615,768	(766,384)	4,452,217	159,323
Certificates of Participation	461,462	35,460	(63,901)	433,021	35,460
Notes, Anticipation Warrants, Mortgages	60,047	506	(1,128)	59,425	506
Net Pension Liability	7,448,576	-	(3,211,367)	4,237,209	-
Other Postemployment Benefits	938,449	77,343	-	1,015,792	-
Other Long-Term Liabilities	61,647	50,081	(4,822)	106,906	-
Total Business-Type Activities Long-Term Liabilities	14,073,952	906,191	(4,144,665)	10,835,478	279,515
Fiduciary Activities					
Deposits Held In Custody For Others	664,040	1,333,527	(626,317)	1,371,250	1,332,318
Accrued Compensated Absences	55	3	(12)	46	-
Other Long-Term Liabilities	217	614	(217)	614	-
Total Fiduciary Activities Long-Term Liabilities	664,312	1,334,144	(626,546)	1,371,910	1,332,318
Total Primary Government Long-Term Liabilities	$ 29,368,890	$ 3,217,697	$ (7,767,017)	$ 24,819,570	$ 1,759,981

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

The amounts shown in the schedule above for the changes in Net Pension Liability are netted as increases for the governmental and business type activities because that information is not readily available. See Note 6 for additional pension information.

The amounts shown in the schedule above for Notes, Bonds, and Certificates of Participation do not include short-term borrowing disclosed in Note 10. A current portion is not normally identifiable for Claims and Judgments Payable, Derivative Instrument Liabilities, Other Post-Employment Benefits in business-type activities and Other Long-Term Liabilities in both governmental activities and business type activities.

Long-term liabilities that are actuarially determined include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. (See Notes 7 and 9 for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.)

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

NOTE 13 – DEFEASED DEBT AND POLLUTION REMEDIATION OBLIGATIONS

DEFEASED DEBT

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2019, debt was defeased in both governmental and business-type activities.

At June 30, 2019, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

Agency	Amount
Governmental Activities:	
Department of Treasury	$ 415,640
Business-Type Activities:	
University of Colorado	608,955
Colorado State University	364,670
Colorado School of Mines	65,160
Western State College	7,055
Colorado Mesa University	26,315
Colorado Community College System	13,465
Adams State College	23,482
Fort Lewis College	4,520
Total	$ 1,529,262

The Department of Treasury issued $168,825,000 of its State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2018L and 2018M to partially defease its State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2010B and 2010E. The defeased debt had an interest rate of 6.35 percent, and the new debt had an interest rate of 4.79 percent. The remaining term of the debt was 12.49 years and the estimated debt service cash flows decreased by $7,335,073. The defeasance resulted in an economic gain of $9,307,985 and book loss of $12,921,783 that will be amortized as an adjustment of interest expense over the remaining 12.49 years of the new debt.

The Board of Regents of the University of Colorado issued $48,015,000 of its Enterprise Revenue Refunding Bonds, Series 2018A to partially defease its Series 2008 Student Housing Revenue Refunding Bonds. The defeased debt had an interest rate of 5.5 percent, and the new debt had a variable interest rate. The remaining term of the debt was 19 years and the estimated debt service cash flows decreased by $43,450,827. The defeasance resulted in an economic gain of $48,664,537 and book gain of $179,811 that will be amortized as an adjustment of interest expense over the remaining 2 years of the new debt.

The Board of Regents of the University of Colorado issued $117,465,000 of its Enterprise Revenue Refunding Bonds, Series 2017A-2 to partially defease its Series 2009B-2 Enterprise Revenue Refunding Bonds. The defeased debt had an interest rate of 6.26 percent, and the new debt had an interest rate of 4.49 percent. The remaining term of the debt was 17 years and the estimated debt service cash flows decreased by $14,248,642. The defeasance resulted in an economic gain of $10,997,903 and book loss of $4,626,097 that will be amortized as an adjustment of interest expense over the remaining 17 years of the new debt.

The Board of Trustees of the University of Northern Colorado issued $19,130,000 of its Institutional Enterprise Revenue Refunding Bonds to partially defease its Series 2008 and Series 2011B Enterprise Revenue Bonds. The defeased debt had an interest rate of 4.24 percent, and the new debt had an interest rate of 3.25 percent. The remaining debt was defeased and the estimated debt service cash flows increased by $882,830. The defeasance resulted in an economic gain of $1,080,636 and book loss of $950,998 that will be amortized as an adjustment of interest expense over the remaining 23 years of the new debt.

The Board of Trustees of Fort Lewis College issued $1,215,000 of its Enterprise Revenue Refunding Bonds, Series 2019A to partially defease its Series 2007A Dorm Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 3.41 percent. The remaining term of the debt was 14 years and the estimated debt service cash flows decreased by $109,813. The defeasance resulted in an economic gain of $85,051 and book loss of $2,179 that that was expensed in the current year due to the immaterial amount.

The Board of Trustees of Fort Lewis College issued $3,305,000 of its Enterprise Revenue Refunding Bonds, Series 2019B to partially defease its Series 2007 B1 Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 3.73 percent. The remaining term of the debt was 19 years and the estimated debt service cash flows decreased by $295,086. The defeasance resulted in an economic gain of $270,474 and book loss of $6,059 that was expensed in the current year due to the immaterial amount.

The Board of Trustees of Adams State University issued $30,835,000 of its Enterprise Revenue Refunding Bonds, Series 2019A to partially defease its Series 2009B Auxiliary Facilities Revenue Bonds. The defeased debt had an interest rate of 6.3 percent, and the new debt had an interest rate of 4.31 percent. The remaining term of the debt was 22 years and the estimated debt service cash flows decreased by $1,556,406. The defeasance resulted in an economic gain of $3,240,917 and book loss of $1,283,243 that will be amortized as an adjustment of interest expense over the remaining 23 years of the new debt.

The Board of Trustees of Colorado Mesa University issued $24,485,000 of its Enterprise Revenue Refunding Bonds, Series 2019A to partially defease its Series 2009A Enterprise Revenue Refunding Bonds. The defeased debt had an interest rate of 4.75 percent, and the new debt had an interest rate of 3.57 percent. The remaining term of the debt was 12 years and the estimated debt service cash flows decreased by $1,781,401. The defeasance resulted in an economic gain of $1,897,137 and book loss of $2,933,889 that will be amortized as an adjustment of interest expense over the remaining 14 years of the new debt.

POLLUTION REMEDIATION OBLIGATIONS

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

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

The State's total amount of pollution remediation obligations as of June 30, 2019 was $211.9 million ($5.2 million of which was a current liability). Superfund sites account for approximately $211.4 million ($4.6 million of which was a current liability) of the State's total pollution remediation obligation. Other pollution obligations of the State generally include remediation activities related to asbestos abatement and removal, land contamination, and leaking underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $90.9 million related to a number of inactive precious metal mines that caused contamination in surface water and soil in the basin. The liability includes remediation and site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant, and operation of a water treatment plant. Current operating and maintenance costs are estimated at approximately $1.3 million in 2020, increasing to approximately $3.0 million in 2028, and continuing into perpetuity. Beginning in 2018, the department shares the remaining costs to complete the remediation projects with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA for 10 years, ending in 2028. After this time, the State assumes 100 percent of the operating and maintenance costs. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Summitville Mine of approximately $75.5 million related to the operation of a water treatment plant. The mine is located in the San Juan Mountains, surrounded by the Rio Grande National Forest. The operating and maintenance costs of the treatment plant are to be shared with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA. Beginning in 2023, the State will assume 100 percent of the operating costs of the treatment plant. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact operating costs. As of June 30, 2019, the State has received $4.7 million in recoveries from other responsible parties.

- DPHE recorded a liability for remediation activities at the Nelson Tunnel of approximately $25.0 million related to the clean-up of contamination from mine waste piles and drainage. The State will be liable for a share of construction costs for a new subsurface remedy, a bulkhead, at an estimated cost of $1.7 million and was completed in 2019. A treatment plant is tentatively expected to start construction in 2022 or 2023. These construction costs, and future operating and maintenance costs, are split in a cost-sharing ratio of 10 percent State, 90 percent EPA until 2035, when the State share will be 100 percent. Plant construction cost estimates were based upon engineering designs and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA’s cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Captain Jack Mill located at the headwaters of the Left Hand Creek Watershed in the mountains west of Boulder of approximately $6.8 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the State have agreed upon a remediation plan from a recently completed engineering study, which includes construction of a capping mine waste tunnel plug. Construction cost estimates of approximately $80,000 in 2020, approximately $10,000 in 2021, and approximately $200,000 in 2022 for the project’s completion. Beginning in 2023, the State’s share of operation and monitoring costs will be 10 percent and will continue through 2032. After that time, the State’s share will be 100 percent in perpetuity. Construction cost estimates were based upon an engineering study and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA’s cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Standard Mine of approximately $5.3 million related to the cleanup of heavy metals and mine drainage into downstream creeks. The mine is located within Gunnison National Forest and also on private mining claims. The cost of the cleanup activities are shared with the EPA where the State share is 10 percent for a period of 10 years starting in 2020. Beginning in 2028, the State share is estimated to be $100,000, increasing to $170,000 in 2028. A Record of Decision has been completed, which describes a phased approach to the remediation. Phase 1 has been completed and included the removal of rocks and tailings, and also included the installation of a flow-through bulkhead to facilitate the regulation of discharge. At this time, the next phase of the cleanup is unknown. The EPA is evaluating any future actions for this site.

NOTE 14 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of assets by the entity that is applicable to a future reporting period, and deferred inflows of resources represent an acquisition of assets by the entity that is applicable to a future reporting period. The table below provides information about amounts reported as deferred outflows/inflows on the *Statement of Net Position* as of June 30, 2019.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources:		
Asset Retirement Obligations	$ -	$ 1,224
Refunding Losses	16,330	167,131
Derivatives	-	7,745
Other	1,948	-
Other Post Employment Benefits	20,253	62,065
Pensions	4,382,520	703,796
	4,421,051	941,961
Deferred Inflows of Resouces		
Refunding Gains	-	785
Nonexchange Transactions	338	-
Other	17,390	1,749
Unavailable Revenue	795	-
Service Concession Arrangements	-	133,645
Other Post Employment Benefits	4,691	114,352
Pensions	4,974,691	2,241,890
	$ 4,997,905	$ 2,492,421

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

The beginning net position was restated as a result of the following prior period adjustment:

State Lands:

Land balances moved from the State Lands *Combining Balance Sheet* to only being reported on the government-wide *Statement of Net Position*. Under the modified accrual basis of accounting, the governmental funds have a current financial resources focus and thus do not record capital assets.

(Amounts in Thousands)

	Government-Wide Statements	General Funds Balance Sheet Reconciled to Statement of Net Position	Fund Financial Statements
	Statement of Activities		
Subject	Governmental Activities	Other Measurement Focus Adjustments	Other Governmental Funds
State Lands	-	68,518	(68,518)

FUND BALANCE

On the *Balance Sheet – Governmental Funds,* the fund balance is comprised of the following (refer to Note 1 for additional information):

(Amounts in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND			
General Government	$ 393,265	$ 892,471	$ 33,264
Business, Community and Consumer Affairs	-	78,959	-
Education	421,393	30,323	-
Health and Rehabilitation	-	4,880	-
Justice	-	24,601	-
Natural Resources	-	477	-
Social Assistance	-	82,509	-
Transportation	-	186	-
TOTAL	$ 814,658	$ 1,114,406	$ 33,264
OTHER GOVERNMENTAL FUNDS			
General Government	$ 371,470	$ 1,409,422	$ -
Business, Community and Consumer Affairs	35,865	549,297	-
Education	179,024	84,173	-
Health and Rehabilitation	13,671	88,349	-
Justice	2,211	211,377	-
Natural Resources	20,687	1,081,849	-
Social Assistance	454	73,125	-
Transportation	878,415	107,384	-
TOTAL	$ 1,501,797	$ 3,604,976	$ -

STABILIZATION ARRANGEMENTS

In accordance with Section 24-75-201.1(1)(d) C.R.S., the State maintains a General Purpose Revenue Fund statutory reserve for purposes of budget stabilization. For fiscal year 2019, the reserve is calculated as seven and twenty-five hundredths percent of General Purpose Revenue Fund appropriations less exceptions pursuant to Section 24-75-201.1(2) C.R.S. Section 24-75-201.5(1)(a) C.R.S. further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. In fiscal year 2019 there was no use of the reserve.

As of June 30, 2019, on a legal budgetary basis the reserve was $814.2 million (see Note 1).

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

MINIMUM FUND BALANCE POLICIES

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

The Colorado Healthcare Affordability & Sustainability Enterprise (CHASE) Board has established a reserve of four percent of the estimated health care expansion expenditures for the CHASE Cash Fund plus any interest accrued by the fund. For Fiscal Year 2019, the maximum amount that could be kept in reserve was $91.0 million – although the CHASE Board lowered the target reserve to $10.0 million for that year. The reserve acts as a buffer to minimize the need for mid-year fee increases in the event that expenditures are higher than estimated.

NOTE 16 – INTERFUND TRANSACTIONS

INTERFUND BALANCES

Interfund balances at June 30, 2019, consisted of the following:

(DOLLARS IN THOUSANDS)	DUE FROM General	DUE FROM Other Governmental Funds	DUE FROM Higher Education Institutions	DUE FROM Healthcare Affordability	DUE FROM Other Enterprises
DUE TO					
General	$ -	$ 21,050	$ 98	$ 7,544	$ 29,318
Other Governmental Funds	6,260	7,601	-	182	19,522
Higher Education Institutions	9,765	957	-	-	131
Other Enterprises	2,323	87	3,801	-	3,646
Internal Service Funds	218	35	-	-	24
Pension and Other Employee Benefit Trust	33	3	1,074	-	-
Private Purpose Trust	-	-	-	-	11,502
Agency	-	201	-	-	-
Total	18,599	29,934	4,973	7,726	64,143

(DOLLARS IN THOUSANDS)	DUE FROM Internal Service Funds	DUE FROM Pension and Other Employee Benefit Trust	DUE FROM Private Purpose Trust	Total
DUE TO				
General	$ 596	$ 13	$ -	$ 58,619
Other Governmental Funds	-	-	-	33,565
Higher Education Institutions	-	1	-	10,854
Other Enterprises	-	-	6	9,863
Internal Service Funds	-	-	-	277
Pension and Other Employee Benefit Trust	-	-	-	1,110
Private Purpose Trust	-	-	-	11,502
Agency	-	-	-	201
Total	596	14	6	125,991

Interfund balances represent amounts owed between funds at the end of the fiscal year. They occur when there are timing differences between when transactions are recognized and when the related cash payments are made. They also occur when loans are made between funds.

The $29.3 million due to the General Fund from Other Enterprises reflects the amounts owed from the State Lottery Fund to the Public School Capital Construction Assistance Fund and the Conservation Trust Fund, which are $14.7 million and $14.6 million, respectively.

The balance of $21.1 million due from Other Governmental Funds to the General Fund consists primarily of $16.4 million due from the Limited Gaming Fund and $4.5 million due from various governmental funds to support incurred Medicaid expenditures.

Other Governmental Funds report internal receivables of $19.5 million from Other Enterprises. Most of this balance, $16.8 million, relates to outstanding loans payable from the Wildlife Cash Fund to the Colorado Water Conservation Board Construction Fund. $18.8 million of the $19.5 million total is not expected to be repaid within one year.

The $11.5 million due from Other Enterprise Funds to Private Purpose Trust Funds represents the amount owed from the CollegeInvest Administration Fund to multiple CollegeInvest savings program funds.

INTERFUND TRANSFERS

Interfund transfers for Fiscal Year 2019, consisted of the following:

(DOLLARS IN THOUSANDS)	TRANSFER FROM General	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Other Enterprises
TRANSFER TO					
General	$ -	$ 346,261	$ 6,546	$ 16,408	$ 89,694
Other Governmental Funds	1,061,218	315,748	290	-	708
Higher Education Institutions	276,188	99,403	-	-	-
Healthcare Affordability	103	-	-	-	-
Other Enterprises	9,025	4,180	-	-	16,646
Internal Service Funds	2,801	1,076	-	-	33
Pension and Other Employee Benefit Trust	18	1,550	-	-	-
Private Purpose Trust	2	-	-	-	35
Total	1,349,355	768,218	6,836	16,408	107,116

(DOLLARS IN THOUSANDS)	TRANSFER FROM Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Total
TRANSFER TO				
General	$ 6,102	$ 224	$ 26	$ 465,261
Other Governmental Funds	173	-	-	1,378,137
Higher Education Institutions	-	-	-	375,591
Healthcare Affordability	-	-	-	103
Other Enterprises	-	-	-	29,851
Internal Service Funds	366	-	-	4,276
Pension and Other Employee Benefit Trust	-	-	-	1,568
Private Purpose Trust	-	-	-	37
Total	6,641	224	26	2,254,824

As a normal order of business, the General Assembly appropriates a large number of transfers between funds to allocate the State's resources to support programs across the State government.

The $1,061.2 million transferred from the General Fund to Other Governmental Funds includes $346.5 million to the State Highway Fund, $74.3 million to the Highway Users Tax Fund, and $74.3 million to the Multimodal Transportation Options Fund. These three transfers were made in accordance with SB 18-001, which aims to address some of Colorado's transportation infrastructure needs. As directed by SB 17-267, $125.0 million of Marijuana Sales Tax Revenues were transferred from the General Fund to the Marijuana Tax Cash Fund. In addition, $74.5 million was transferred from the General Fund to the Capital Construction Fund.

Transfers from Other Governmental Funds to the General Fund totaled $346.3 million. This includes $82.4 million transferred from the Public School Fund, a State Lands Trust Fund, to the Public School Capital Construction Assistance Fund. Also included are $53.6 million of transfers from the Mineral Leasing Fund to the State Public School Fund and $52.6 million of transfers from the Retail Marijuana Excise Tax Fund to the Public School Fund.

$315.7 million is reported as transfers from Other Governmental Funds to Other Governmental Funds. The largest of these transfers was a $113.8 million transfer from the Special Capital Projects Fund to the Regular Capital Projects Fund.

General Fund transfers to Higher Education Institutions totaled $276.2 million. The majority of these transfers, $153.4 million, were for student financial aid.

NOTE 17 – PLEDGED REVENUE AND DONOR RESTRICTED ENDOWMENTS

PLEDGED REVENUE

Various institutions of higher education, the Department of Labor and Employment, and the Highway Users Tax Fund have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, and the construction of facilities and infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2019, the following pledges were in place:

The Department of Transportation Statewide Bridge Enterprise pledged $111.7 million (gross) of federal highway funds, Build America Bonds, and surcharges to meet the current year interest payments on debt issued for construction activities related to the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Bridge Program. The debt was originally issued in Fiscal Year 2011, and has a final maturity date of Fiscal Year 2041. The pledged revenue represents 100 percent of the revenue stream, and $570.5 million of the pledge commitment remains outstanding.

The Department of Transportation High-Performance Transportation Enterprise (HTPE) C-470 Express Lanes Senior Revenue Bonds, Series 2017 was issued in the amount of $161.0 million for the purpose of paying or reimbursing the cost of designing, engineering, developing and constructing an Express Lanes project on a portion of C-470, widening and replacing adjacent general purpose lanes and rehabilitating or reconstructing related bridges. The future pledged revenue stream of $429.8 million will be used to pay the interest and principal of the 2017 Series issue of these Senior Revenue Bonds.

Higher Education Institutions have pledged auxiliary fees primarily related to student housing rent, and in some cases tuition, to meet the debt service commitment of their various bond issues. The debt issues involved had an earliest origination date in Fiscal Year 1999 and furthest maturity date of Fiscal Year 2055. In some instances, the gross revenue of the activity is pledged and in other instances the net available revenue is pledged. Total pledged revenue of the Higher Education Institutions is approximately $1.7 billion. Individually significant Higher Education Institution pledges include:

- $1.3 billion (net) pledged by the University of Colorado to secure $129.2 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was issued in Fiscal Year 2007 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents approximately 75.4 percent of the revenue stream, and $2.3 billion of the pledge (principal and interest) remains outstanding.

- $184.3 million (net) pledged by Colorado State University to secure $75 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2055. The pledged revenue represents 58.2 percent of the total revenue stream, and $1.7 billion of the pledge (principal and interest) remains outstanding.

- $58.5 million (net) pledged by the Colorado School of Mines to secure $22.1 million of current principal and interest on debt issued to finance or refinance the construction, acquisition, improvement, renovation, and equipment for certain facilities and complete qualified conservation improvement projects. The related debt was originally issued in Fiscal Year 1999 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents approximately 81.2 percent of the revenue stream, and $477.5 million of the pledge (principal and interest) remains outstanding.

- $38.2 million (gross) pledged by Metropolitan State University of Denver to secure $7.1 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2046. The pledged revenue represents 10 percent of the tuition revenue stream and 100 percent of the fee and other revenues revenue stream, and $146.2 million of the pledge (principal and interest) remains outstanding.

- $28.6 million (net) pledged by Colorado Mesa University to secure $12.6 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2049. The pledged revenue represents approximately 58.3 percent of the revenue stream and $364.8 million of the pledge (principal and interest) remains outstanding.

- $43.4 million pledged by the University of Northern Colorado to secure $10.2 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The debt issuances had an earliest origination date of Fiscal Year 2012 and furthest maturity date of Fiscal Year 2046. The pledged revenue represents 45.3 percent of the net total auxiliary, extended studies, and student fee revenue streams; 100 percent of gross facility & admin cost recoveries; and 10 percent of gross general fund tuition revenue. $216.6 million of the pledge (principal and interest) remains outstanding.

- $13.1 million pledged by the Auraria Higher Education Center to secure $6.3 million of current principal and interest on debt issued to finance construction of Tivoli Student Union park, coffee lounge, and patio and building parking structures. The debt issuances had an earliest origination date of Fiscal Year 2006 and furthest maturity date of Fiscal Year 2034. The pledged revenue represents 60.9 percent of the net and 100 percent of the gross auxiliary revenue stream. $74.2 million of the pledge (principal and interest) remains outstanding.

- $8.4 million (net) pledged by Colorado State University – Pueblo to secure $6.3 million of current principal and interest on debt issued to finance construction, remodeling, and acquisition of the Student Center, recreation facilities and student housing facilities. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2044. The pledged revenue represents 49 percent of the revenue stream, and $164.6 million of the pledge (principal and interest) remains outstanding.

- $8.2 million (net) pledged by the Fort Lewis College to secure $4 million of current principal and interest on debt issued to finance construction new residence hall, expansion and renovation of the student center, and various energy conservation improvements. The debt issuances had an earliest origination date of Fiscal Year 2012 and furthest maturity date of Fiscal Year 2038. The pledged revenue represents 37.3 percent of the revenue stream, and $65.9 million of the pledge (principal and interest) remains outstanding.

- $10.9 million (net) pledged by the Western State Colorado University to secure $6.7 million of current principal and interest on debt issued to finance a new student apartment complex and a new sports complex. The debt issuances had an earliest origination date of Fiscal Year 2010 and furthest maturity date of Fiscal Year 2045. The pledged revenue represents 41.6 percent of the revenue stream, and $164.9 million of the pledge (principal and interest) remains outstanding.

- $7.7 million (gross) pledged by Front Range Community College to secure $1.7 million of current principal and interest on debt issued to finance capital construction projects. The debt issuances had an earliest origination date of Fiscal Year 2010 and furthest maturity date of Fiscal Year 2048. The pledged revenue represents 10 percent of the tuition revenue stream and 100 percent of the fee and other revenues revenue stream, and $26.9 million of the pledge (principal and interest) remains outstanding.

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

(Amounts In Thousands)

Agency Name	Gross Revenue	Direct Operating Expense	Available Net Revenue	Debt Service Requirements Principal	Interest	Total
Higher Education Institutions	$ 2,424,429	$ (685,881)	$ 1,738,548	$ 134,314	$ 158,357	$ 292,671
Statewide Bridge Enterprise	111,674	-	111,674	-	18,234	18,234
	$ 2,536,103	$ (685,881)	$ 1,850,222	$ 134,314	$ 176,591	$ 310,905

DONOR RESTRICTED ENDOWMENTS

The State's donor restricted endowments exist solely in its institutions of higher education. The policies of individual boards govern the spending of net appreciation on investments; there is no State law that governs endowment spending. Donor restricted endowment appreciation reported by the State's institutions of higher education totaled $19.3 million.

The University of Colorado reported net appreciation on endowment investments of $17.3 million that was available for spending. The University reported the related net position in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds.* The University spends its investment income in accordance with the University of Colorado Foundation's established spending policy.

The Colorado School of Mines reported $1.8 million of net appreciation on endowment investments that was available for spending. The School reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds*. The School has an authorized spending rate of 4.5% of the rolling 36-month average market value of the endowment investments.

NOTE 18 –SEGMENTS AND RELATED PARTIES

SEGMENT INFORMATION

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

University of Colorado

CU Medicine, formerly University Physicians Incorporated (UPI), performs the billing, collection, and disbursement functions for professional services rendered as authorized in Section 23-20-114, Colorado Revised Statues 1973.

Campus Village Apartments, LLC (CVA) is organized, operated and dedicated exclusively to the charitable purposes of promoting the general welfare, development, growth and wellbeing of the University, and specifically for the primary purpose of acquiring, constructing, improving, equipping and operating a student housing facility, to include related improvements and amenities.

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

CONDENSED STATEMENT OF NET POSITION

	UNIVERSITY OF COLORADO June 30, 2019	
(DOLLARS IN THOUSANDS)	CU MEDICINE	CAMPUS VILLAGE APARTMENTS
ASSETS:		
Current Assets	$ 365,670	$ 3,662
Other Assets	347,155	-
Capital Assets	35,529	30,327
Total Assets	748,354	33,989
DEFERRED OUTFLOW OF RESOURCES	-	353
LIABILITIES:		
Current Liabilities	63,997	970
Noncurrent Liabilities	5,637	48,015
Total Liabilities	69,634	48,985
DEFERRED INFLOW OF RESOURCES	-	-
NET POSITION:		
Net Investment in Capital Assets	28,507	(17,336)
Restricted for Permanent Endowments:		
Restricted Net Position	-	-
Unrestricted	650,213	2,693
Total Net Position	$ 678,720	$ (14,643)

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OPERATING REVENUES:		
Tuition and Fees	$ -	$ -
Sales of Goods and Services	1,087,056	6,960
Other	-	-
Total Operating Revenues	1,087,056	6,960
OPERATING EXPENSES:		
Depreciation	4,374	1,395
Other	984,421	3,125
Total Operating Expenses	988,795	4,520
OPERATING INCOME	98,261	2,440
NONOPERATING REVENUES AND (EXPENSES):		
Investment Income	25,482	24
Gifts and Donations	(13,428)	-
Other Nonoperating Revenues	308	-
Debt Service	(212)	(1,375)
Other Nonoperating Expenses	-	(180)
Total Nonoperating Revenues(Expenses)	12,150	(1,531)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:		
Transfers-In	-	-
Transfers-Out	-	-
Special and Extraordinary Items	-	-
Total Contributions, Transfers, and Other	-	-
CHANGE IN NET POSITION	110,411	909
TOTAL NET POSITION - FISCAL YEAR BEGINNING RESTATED	568,309	(15,552)
TOTAL NET POSITION - FISCAL YEAR ENDING	$ 678,720	$ (14,643)

CONDENSED STATEMENT OF CASH FLOWS

NET CASH PROVIDED (USED) BY:		
Operating Activities	$ 89,577	$ 5,248
Noncapital Financing Activities	(13,428)	-
Capital and Related Financing Activities	(3,194)	(9,046)
Investing Activities	(27,833)	6,851
NET DECREASE IN CASH AND POOLED CASH	45,122	3,053
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	130,488	397
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 175,610	$ 3,450

RELATED 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, as amended by GASB Statements No. 39 and 61:

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

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

RELATED PARTY TRANSACTIONS

The University of Colorado Health (UCHealth), a related party, is a legal entity separate from the University of Colorado. Faculty members of the University's School of Medicine perform a majority of their clinical practice and clinical training at UCHealth. The clinical revenue for these clinical services provided by the University's faculty is collected by the University of Colorado Medicine, a blended component unit of the State. The University enters into contracts with UCHealth to support the University's educational mission. During Fiscal Year 2019 UCHealth paid the University $89.4 million and the University paid UCHealth $14.0 million. At June 30, 2019, the University had accounts receivable from UCHealth of $8.9 million and $0.2 million of accounts payable to UCHealth.

The University of Colorado Health and Welfare Trust exists to provide healthcare benefits to employees of the Trust's members, which are the University of Colorado, the University of Colorado Hospital Authority, and the University of Colorado Medicine. The Trust provides healthcare benefits on a self-insured basis where risks are transferred to the pool. The University is not financially accountable for the Trust. During Fiscal Year 2019 the Trust paid medical claims on behalf of the University of $236.2 million. The University made contributions of $224.3 million to the Trust and its employees contributed $8.8 million. At June 30, 2019, the University had accounts receivable from the Trust for $0.9 million, and no accounts payable to the Trust.

The State Board of the Great Outdoors Colorado (GOCO) Trust Fund is a constitutionally created entity whose purpose is to administer the GOCO Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the State using funds it receives from the Colorado Lottery. During Fiscal Year 2019, the Board awarded $76.8 million to the Division of Parks and Wildlife at the Department of Natural Resources. At June 30, 2019, GOCO owed the Department of Natural Resources $12.2 million.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, operates the State's health insurance marketplace. During Fiscal Year 2019, the Colorado Health Benefit Exchange reimbursed the State $0.5 million for software programming expenses and received $3.4 million in payments from the State for eligibility determinations and system changes.

The Colorado Beef Council Authority oversees the sale of cattle in Colorado and imported beef and beef products. Statute requires the Brand Board within the Department of Agriculture to collect a fee up to $1 on each head of cattle inspected and remit it to the Colorado Beef Council Authority. In return for collecting and administering the fee, 3 percent is paid back to the Brand Board. During Fiscal Year 2019, the Brand Board paid $3.3 million to the Colorado Beef Council Authority and the Colorado Beef Council Authority paid $0.1 million to the Brand Board.

The Colorado Housing and Finance Authority (CFHA) Bond Program supports existing programs administered by CHFA that provide loans to small businesses, farms and ranches within the State of Colorado. CHFA operates these programs in coordination with the U.S. Small Business Administration, the Farm Service Agency, and the U.S. Rural Business Cooperative Service. The Department of Treasury held two CHFA bonds during Fiscal Year 2019. One bond was paid off and the Department received $3.3 million in principle and interest, and as of June 30, 2019, the remaining bond has a face value of $0.3 million.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

COMMITMENTS

On August 24, 2017, Keiwit Meridiam Partners (KMP) was selected to be the Central 70 project developer to undertake the $1.2 billion project. On November 22, 2017, Colorado Bridge Enterprise (CBE) and the HPTE Boards approved the Project Agreement and completed the commercial close of the Central 70 project. On December 21, 2017, KMP and CBE completed the financial close of the project what included CBE issuing $120.8 million of Private Activity Bonds (PABs) and closing on a TIFIA loan totaling $416.0 million. Since CBE acted as a conduit issuer for the TIFIA loan and the PABs, CBE has no liabilities to record, and the debt will be repaid by KMP. Construction officially started in the summer of 2018 with completion estimated to be in 2022.

SERVICE CONCESSION ARRANGEMENTS

On February 25 2014, the High Performance Transportation Enterprise (HPTE) and Plenary Roads Denver (PRD) completed the financial close of a 50-year concession arrangement. The concession arrangement is HPTE and CDOT's first public private partnership (P3) project, where public and private sectors work together to provide transportation improvements.

The commercial close of the concession arrangement transferred from HPTE to PRD the operations, maintenance, and revenues related to the existing I-25 High Occupancy Toll (HOT) lanes and the U.S. 36 Phase I project once completed in July 2015. Additionally, PRD assumed HPTE's 50-year $54 million TIFIA loan at the completion of U.S. 36 Phase I. PRD also financed, designed, and constructed U.S. 36 Phase II. Once completed in March 2016, PRD transferred the Phase II capital asset with an acquisition value of $88.7 million to HPTE. PRD subsequently assumed the operations, maintenance, and revenues from U.S. 36 Phase II. PRD has the right to collect tolls and raise rates with permission from the HPTE Board. If the Board does not approve the rate increase, HPTE must compensate PRD for any lost revenue.

HPTE reported deferred inflow of resources related to the arrangement of $133.6 million, which is included on the *Statement of Net Position*. The table below shows the carrying amount of HPTE's capital assets at fiscal year-end pursuant to the concession arrangement.

Project	Description	Carrying Amount	
U.S. 36 Phase II	Tolling Equipment and Software	$	145,084
U.S. 36 Phase II	Managed Lanes		95,263,339
U.S. 36 Phase II	36 Tolling Stations	$	312,789

ENCUMBRANCES

Most encumbrances are supported by annual appropriations and lapse at year-end. However, the Capital Projects Funds, Institutions of Higher Education, and Colorado Department of Transportation Funds (primarily the Highway Users Tax Fund) include multi-year encumbrances of $56.2 million, $55.2 million and $1.2 billion, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

FINANCIAL GUARANTEES

In Fiscal Year 2011, Metropolitan State University of Denver's Board of Trustees (formerly the Metropolitan State College of Denver Board of Trustees) approved the incorporation of a special purpose nonprofit corporation to be known as HLC @ Metro, Inc. The HLC @ Metro, Inc., a discretely presented nonmajor component unit of the State, created the Hotel/Hospitality Learning Center (HLC) to enhance the University's Hospitality, Tourism, and Events department. The Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority issued approximately $55.0 million in revenue bonds in October 2010, loaning the proceeds to HLC @ Metro, Inc. to construct the HLC. The HLC generates revenue as a facility open to the general public. Should HLC @ Metro, Inc. not fulfill its obligation to pay any and all principal and interest, the University is obligated to make the payment due, and HLC @ Metro, Inc. is obligated to repay all payments made on its behalf. The guarantee remains in effect until there is no remaining outstanding balance on the 2010 bond issuance. As of June 30, 2019, no liability was recorded by the University as HLC @ Metro, Inc. was deemed fully capable of making its debt payments.

CONTINGENCIES

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

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

Significant matters that are deemed a contingent liability to the State requiring disclosure are summarized below. A significant matter is defined as a single instance where an unfavorable outcome would result in damages of $5.0 million or more.

Grants

The State receives federal grants for specific purposes that are subject to review and audit by grantor agencies. This federal funding is conditional upon compliance with the terms and conditions of such grant agreements and applicable federal laws and regulations. Issues resulting from federal reviews or audits can potentially cause disallowance of expenditures and consequently, a liability of the State.

The federal Department of Health and Human Services, Centers for Medicare and Medicaid (CMS) demanded the State return approximately $38.4 million of performance bonus payments under the Children's Health Insurance Program Reauthorization Act of 2009, on the basis the State improperly included individuals in current enrollment counts. The State is vigorously defending against the recovery demand, but the likelihood of an unfavorable outcome is uncertain. In addition, CMS seeks the disallowance of approximately $5.0 million in payments to the State for services provided at the State-operated Pueblo Regional Center (PRC) alleging violations of federal requirements regarding the administration of the Medicaid Home and Community-based Services Waiver Program for the Developmentally Disabled. The State filed an appeal in October 2016, and the likelihood of an unfavorable outcome is uncertain.

General Litigation

The State is a defendant in a number of lawsuits or is subject to potentially be named as a party to lawsuits that are associated with its normal governmental operations. Although the outcomes are uncertain, some of these litigations could involve substantial losses. However, the State believes in most cases that it will not incur a resulting liability that would have a material or adverse effect on the State’s financial condition. Should the State incur a loss through an unfavorable outcome, some of the losses may be covered through liability insurance.

A corrections inmate alleged a corrections officer caused personal injury through the use of excessive force, causing long-term pain and suffering. A case was tried to a jury in March 2018, which returned a verdict in favor of the plaintiff for $6.3 million in damages. The ruling was subsequently set aside in April 2019 in favor of a new trial. The State is preparing to litigate the appeal, and believes there is meaningful potential for an unfavorable outcome.

Further, the State has been named as a defendant related to a claim that it ordered a regulatory taking by prohibiting a corporate entity from legally distributing wastewater. Although the plaintiff seeks $110 million in compensatory damages, a reliable loss or range of loss cannot be estimated at this time. The likelihood of an unfavorable outcome is uncertain.

Taxpayer Bill of Rights (TABOR) Compliance

TABOR is a constitutional measure that limits the State’s annual growth of State revenues or spending to the sum of the annual inflation rate and the annual percentage change in the State’s population.

Two separate lawsuits have been filed challenging the constitutionality of specific fees assessed by the State for certain public services. The plaintiffs allege that the State is not compliant with TABOR and consequently the fees are unconstitutional. One of the entities does not expressly seek a refund of alleged unconstitutionally collected fees, but does request declaratory and injunctive relief. It is estimated that the State’s exposure on this claim is $20.0 million. In a separate case the plaintiff is seeking in excess of $5.6 billion in damages through Fiscal Year 2019, plus 10 percent interest from Fiscal Year 2011 to present. The State is vigorously defending against these two lawsuits, and the likelihood for an unfavorable outcome in both cases is uncertain.

NOTE 20 – TAX ABATEMENTS

The Governor's Office of Economic Development and International Trade (OEDIT) – through the State Economic Development Commission (EDC) – supports recruitment, retention, and economic growth throughout the State by offering a variety of incentives and tax credits. OEDIT provided significant tax abatements under three programs during the fiscal year: Colorado Enterprise Zone Business and Contribution Tax Credits, Job Growth Incentive Tax Credits, and the Regional Tourism Act program.

- The Colorado Enterprise Zone (EZ) program was created under Article 30 of Title 39 of the Colorado Revised Statutes (C.R.S.) to promote a business friendly environment in economically distressed areas by offering state income tax credits that incentivize businesses to locate and develop in these communities. The Enterprise Zone Contribution Credit is a sub-credit of the Enterprise Zone program created under Section 39-30-103.5, C.R.S. The Contribution Credit is issued to taxpayers that contribute to an economic development project initiated by the local zone administrator and approved by the EDC. Taxpayers investing in Enterprise Zones can earn a credit on their Colorado income tax by planning and executing specific economic development activities. The following incentives can be earned by businesses located in Enterprise Zones:

Business Income Tax Credits	Credit Amount
Investment Tax Credit	3.0 percent of equipment purchases
Commercial Vehicles Investment Tax Credit	1.5 percent of commercial vehicle purchases
Job Training Tax Credit	12 percent of qualified training expenses
New Employee Credit	$1,100 per new job created
Agricultural Processor New Employee Credit	$500 per new job created
Employer Sponsored Health Insurance Credit	$1,000 per covered employee
Research & Development Increase Tax Credit	3 percent of increased R&D expenditures
Vacant Commercial Building Rehabilitation Tax Credit	25 percent of rehabilitation expenditures
Additional EZ Incentives	**Incentive Amount**
Manufacturing/Mining Sales and Use Tax Exemption	Expanded Sales & Use tax exemption in EZ
Contribution Tax Credit	25 percent cash/12.5 percent in-kind

  Areas with high unemployment rates (25% above the State average), low per capita income (25% below the State average), and/or slower population growth (less than 25% of the State average in rural areas) may be approved for EZ designation by the EDC.

  Each income tax year, a business located in an EZ must apply and be pre-certified prior to beginning an activity to earn any of the business tax credits listed in the table above. When pre-certifying, the business states that the credit is a contributing factor to the start-up, expansion, or relocation of the business. To certify for the credit, the investments and/or new jobs must have been made. At the end of the income tax year, a business must certify that the activities were performed. Contribution Tax Credits are earned by taxpayers making donations to eligible EZ Contribution Projects, and certifying those donations with the project organization or Local Enterprise Zone Administrator. The Commercial Vehicle Investment Tax Credit has a separate online application process.

  The provision for recapturing abated taxes would be an income tax return audit conducted by the Department of Revenue.

- The Job Growth Incentive Tax Credit (JGITC) is a performance-based job creation incentive program created under Section 39-22-531 C.R.S., in which businesses must create and maintain permanent new jobs for one year before receiving the tax credit. The JGITC provides a state income tax credit equal to 50% of FICA paid by the business on the net job growth for each calendar year in the credit period. A business must undertake a job creation project for which the State of Colorado is competing with at least one other state for the project. The JGITC must be a major factor in the business decision to locate or retain the project in Colorado, and a business may not start or announce the proposed project (including locating or expanding in the State, hiring employees related to the project, or making material expenditures for the project) until a final application has been submitted and approved by the EDC.

Businesses have to create at least 20 new jobs (full-time equivalents) in Colorado during the credit period with an average yearly wage of at least 100% of the county average wage based on where the business is located. A business located in an Enhanced Rural Enterprise Zone must create at least five net new jobs (full-time equivalents) in Colorado during the credit period with an average yearly wage of at least 100% of the county average wage based on where the business is located. The credit period is 96 consecutive months.

The provision for recapturing abated taxes would be an income tax return audit conducted by the Department of Revenue.

- The Regional Tourism Act (RTA) program was created under Sections 24-46-301 through 309 C.R.S., and provides Tax Increment Financing (TIF) to support construction of unique and extraordinary large scale tourism and entertainment facilities that will drive net new visitors and revenue to Colorado. A percentage of state sales tax within a geographic area in a given year that exceeds a base year amount is collected by the Department of Revenue and diverted to a project financing entity. The EDC shall not approve any project that would likely create an annual state sales tax revenue dedication of more than $50 million to all regional tourism projects. A local government will need to submit a regional tourism project application to OEDIT within the application cycle deadline. OEDIT will review the application for general completeness and to make an initial determination regarding whether the application has met the general criteria for a regional tourism project. The EDC will review applications forwarded with OEDIT recommendations and may approve or reject the project based on a demonstration that the following criteria are materially met:

  - The project is of an extraordinary/unique nature and is reasonably anticipated to contribute significantly to economic development and tourism in the State and communities where the project is located.
  - The project is reasonably anticipated to result in a substantial increase in out-of-state tourism.
  - A significant portion of sales tax revenue generated by the project is reasonably anticipated to be attributable to transactions with nonresidents of the zone.
  - The local government has provided reliable economic data demonstrating that in the absence of state sales tax increment revenue, the project is not reasonably anticipated to be developed within the foreseeable future.

  Recipients must follow the EDC resolution based on their application, and must build certain required elements and improvements and follow conditions established by the EDC. The provision for recapturing abated taxes is a formal decision by the EDC concluding the project has not commenced within five years.

Information relevant to disclosure of these tax abatement programs for the fiscal year ended June 30, 2019 is as follows:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Colorado Enterprise Zone Business Tax Credits	$ 55,057
Colorado Enterprise Zone Contribution Tax Credits	16,276
Job Growth Incentive Tax Credits	14,727
Regional Tourism Act	8,767
Total	$ 94,827

NOTE 21 – SUBSEQUENT EVENTS

A. DEBT ISSUANCES AND REFUNDINGS

On July 9, 2019, the Regents of the University of Colorado issued Taxable Series 2019A University Enterprise Refunding Revenue Bonds for $147,980,000 to advance refund portions of the Series 2010B, Series 2011B, Series 2012 A-1, A-2, A-3, and Series 2013B Bonds. Interest rates range from 2.11% to 3.17%. Final maturity is June 1, 2043. The first interest payment is due December 1, 2019.

On July 18, 2019, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2019A. The notes mature on June 29, 2020. The total due on that date includes $400,000,000 in principal and $11,366,667 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $6,932,000, an average coupon rate of 3.00%, and a true interest cost of 1.16%.

On July 24, 2019, the State issued General Fund Tax and Revenue Anticipation Notes (GTRAN), Series 2019. The notes mature on June 26, 2020. The total due on that date includes $600,000,000 in principal and $22,317,778 in interest. The GTRAN was issued with a premium of $15,821,800, an average coupon rate of 4.03%, and a true interest cost of 1.16%.

On August 9, 2019, the Board of Governors of the Colorado State University System approved the issuance of refunding bonds in an aggregate principal amount not to exceed $150,000,000. Any Refunding Bonds, in one or more series, shall bear interest at such taxable and/or tax-exempt rate or rates resulting in a true interest cost not to exceed 6%. The Refunding Bonds are authorized for the purposes of funding certain projects and paying certain cost of issuance relating to the Refunding Bonds.

On August 21, 2019, the Regents of the University of Colorado issued Taxable Series 2019A-2 University Enterprise Refunding Revenue Bonds for an additional $101,885,000 to advance refund portions of the Series 2009C, 2010B, 2011A, 2012A1 & A3, 2014B1, 2015A&B, and 2016A bonds. Interest rates range from 1.68% to 2.79%. Final maturity is June 1, 2047.

On August 29, 2019, the Board of Trustees for the University of Northern Colorado issued Institutional Enterprise Revenue Refunding Bonds Taxable Series 2019A for $32,855,000. Bond proceeds of $32,580,053 were used to refund the Auxiliary Facilities System Revenue Refunding Bonds, Series 2011A, with an outstanding principal balance of $30,590,000 as of June 30, 2019. The underwriter's discount and cost of issuance totaled $274,947. The Series 2019A bonds are guaranteed by the State Intercept program and have coupon rates of 1.97% to 2.64%. The bonds are set to mature on June 1, 2031.

On September 11, 2019, the Colorado Community College System went to the market on an advance bond refunding for $25,150,000 of the remaining 2010D Series Taxable System-wide Revenue bonds. The bonds are anticipated to be issued mid-October.

B. OTHER

At the June 11, 2019 meeting of the Board for the University of Colorado Health and Welfare Trust (Trust), approval was given to the University of Colorado Hospital to withdraw from the Trust effective July 1, 2020. As a result, and if no other members join, the Trust will become a blended component unit of the University of Colorado effective that date.

On July 11, 2019, a longitudinal crack and failure of a wall occurred on U.S. Highway 36. Traffic from the eastbound general purpose and express lanes were detoured to the westbound side of the highway. An emergency contracting process began immediately and several contacts were established to complete emergency stabilization, design, and re-construction. Rebuilding of the wall and road started on August 18, 2019 and completion is expected the end of November 2019. The Colorado Department of Transportation (CDOT) and the High-Performance Transportation Enterprise (HPTE) have estimated that design and repairs will cost approximately $20,000,000. Only the eastbound express lanes on U.S. Highway 36 at Church Ranch and 104th Avenue have been closed since July 12, 2019. These lanes will remain closed until the repairs are complete. All other eastbound lanes are open to traffic. This will be considered a Compensation Event per the U.S. 36 Concession Agreement; however, the cost will not be known until the reconstruction of the wall is complete. A forensic investigation of the cause(s) and of the failure is being led by the Colorado Attorney General's office and a report will be forthcoming once all data is collected and properly analyzed.

On July 18, 2019, the Colorado Department of Transportation (CDOT) presented Flatiron/AECOM (F/A) with a Notice of Breach Under the Design-Build Contract and a rejection of the F/A's June 21, 2019 Monthly Progress Schedule. On July 26, 2019, CDOT and the High-Performance Transportation Enterprise (HPTE) rejected F/A's demands for additional time and potential costs due to winter weather delays. Then on August 2, 2019, because F/A was unable to cure the breach of contract, CDOT notified F/A that they have been placed in Default under the contract because they were unable to meet the Project Completion Deadline of August 1, 2019. F/A responded to CDOT/HPTE's Default Notice on August 9, 2019, claiming that because of material shortages and winter weather delays they were unable to meet the Project Completion Deadline. CDOT and HPTE will meet with the F/A's bond surety to discuss the next steps on the project. Presently, F/A continues to work on the project.

The Colorado School of Mines received a gift of two properties. The first house, valued at $1,100,000, was donated in July 2019. The second house, valued at $1,000,000, was gifted in August 2019. The primary purposes currently under consideration are temporary office space, academic space, additional parking and/or additional dorms.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 3,267,080	
Income Taxes			7,237,722	
Other Taxes			278,649	
Sales and Services			1,003	
Interest Earnings			26,206	
Other Revenues			36,433	
Transfers-In			232,811	
TOTAL REVENUES AND TRANSFERS-IN			11,079,904	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 11,107	$ 11,107	11,107	$ -
Corrections	810,881	829,097	827,467	1,630
Education	4,180,288	4,114,386	4,113,625	761
Governor	42,340	42,304	41,045	1,259
Health Care Policy and Financing	2,903,537	2,945,962	2,956,480	(10,518)
Higher Education	1,003,594	1,000,768	1,000,603	165
Human Services	982,588	978,022	962,028	15,994
Judicial Branch	553,074	560,715	553,768	6,947
Labor and Employment	19,475	19,278	19,278	-
Law	16,611	16,612	16,029	583
Legislative Branch	50,288	50,288	50,288	-
Local Affairs	32,786	32,845	31,784	1,061
Military and Veterans Affairs	11,110	11,207	10,690	517
Natural Resources	32,005	32,005	31,894	111
Personnel & Administration	14,074	12,951	12,945	6
Public Health and Environment	52,020	50,147	50,091	56
Public Safety	183,106	184,816	183,663	1,153
Regulatory Agencies	1,951	2,019	2,004	15
Revenue	79,159	79,159	78,456	703
Treasury	12,523	12,547	10,306	2,241
SUB-TOTAL OPERATING BUDGETS	10,992,517	10,986,235	10,963,551	22,684
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	1,527	2,454	59	2,395
Corrections	10,950	26,901	8,643	18,258
Education	972	4,428	3,126	1,302
Governor	16,502	50,785	19,389	31,396
Health Care Policy and Financing	1,141	3,016	185	2,831
Higher Education	97,460	160,345	49,999	110,346
Human Services	26,120	96,863	12,285	84,578
Military and Veterans Affairs	3,065	8,339	5,541	2,798
Personnel & Administration	7,295	9,371	3,269	6,102
Public Health and Environment	-	2,121	118	2,003
Public Safety	2,928	-	-	-
Revenue	-	24,951	24,951	-
Transportation	500	1,302	788	514
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	168,460	390,876	128,353	262,523
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 11,160,977	$ 11,377,111	11,091,904	$ 285,207
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (12,000)	

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

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES,
AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS
BUDGET AND ACTUAL - APPROPRIATED CASH FUNDED
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 10,476	
Income Taxes			692,800	
Other Taxes			104,734	
Tuition and Fees			2,883,300	
Sales and Services			1,501,663	
Interest Earnings			47,369	
Other Revenues			766,250	
Transfers-In			1,510,972	
Capital Contributions			985	
TOTAL REVENUES AND TRANSFERS-IN			7,518,549	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 34,679	$ 31,993	27,676	$ 4,317
Corrections	77,622	79,353	58,959	20,394
Education	1,252,706	1,143,859	1,096,128	47,731
Governor	282,980	284,323	241,668	42,655
Health Care Policy and Financing	1,366,634	1,476,321	1,447,112	29,209
Higher Education	3,119,663	3,129,951	2,847,312	282,639
Human Services	322,107	322,035	273,068	48,967
Judicial Branch	161,378	160,136	136,078	24,058
Labor and Employment	74,728	70,641	70,198	443
Law	62,758	63,138	59,217	3,921
Legislative Branch	1,558	1,558	1,123	435
Local Affairs	43,370	38,188	34,299	3,889
Military and Veterans Affairs	1,204	1,204	958	246
Natural Resources	242,864	242,071	185,647	56,424
Personnel & Administration	131,655	130,306	113,734	16,572
Public Health and Environment	244,082	243,015	209,544	33,471
Public Safety	279,272	279,793	255,930	23,863
Regulatory Agencies	88,364	88,456	83,261	5,195
Revenue	219,082	218,358	200,451	17,907
State	25,366	26,343	23,960	2,383
Transportation	38,458	112,708	38,177	74,531
Treasury	31,354	40,654	40,039	615
SUB-TOTAL OPERATING BUDGETS	8,101,884	8,184,404	7,444,539	739,865
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	16,160	12,896	3,264
Corrections	-	1,320	-	1,320
Governor	8,912	14,959	2,253	12,706
Higher Education	53,283	235,734	13,360	222,374
Human Services	1,859	5,363	716	4,647
Labor and Employment	2,785	32,759	17,142	15,617
Natural Resources	17,540	42,602	7,099	35,503
Personnel & Administration	1,636	550	181	369
Public Health and Environment	-	5,377	246	5,131
Public Safety	-	2,689	2,184	505
Transportation	-	1,100	875	225
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	86,015	358,613	56,952	301,661
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 8,187,899	$ 8,543,017	7,501,491	1,041,526
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 17,058	

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

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES, AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 5,878,194	
TOTAL REVENUES AND TRANSFERS-IN			5,878,194	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 5,615,496	$ 5,659,180	5,493,183	$ 165,997
Human Services	343,429	360,466	326,855	33,611
Labor and Employment	39,712	38,728	37,514	1,214
Military and Veterans Affairs	-	8	8	-
Public Health and Environment	19,749	19,749	17,919	1,830
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	6,018,386	6,078,131	5,875,479	202,652
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 6,018,386	$ 6,078,131	5,875,479	$ 202,652
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 2,715	

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

REQUIRED SUPPLEMENTARY INFORMATION
RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUNDS	
	GENERAL	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:		
Revenues and Transfers-In Appropriated (Required Supplementary Information):		
General	$ 10,886,981	$ 192,923
Cash	934,315	2,044,545
Federal	3,583,676	2,368
Sub-Total Revenues and Transfers-In Appropriated	15,404,972	2,239,836
Revenues and Transfers-In Non-Appropriated (Supplementary Information):		
General	1,427,039	-
Cash	4,885,253	4,707,440
Federal	2,421,183	805,011
Sub-Total Revenues and Transfers-In Non-Appropriated	8,733,475	5,512,451
Total Revenues and Transfers-In Appropriated and Non-Appropriated	24,138,447	7,752,287
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):		
General Funded	10,963,550	137,353
Cash Funded	926,744	2,085,796
Federally Funded	3,583,264	68
Expenditures/Expenses and Transfers-Out Appropriated	15,473,558	2,223,217
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):		
General Funded	1,425,389	-
Cash Funded	4,534,068	4,135,977
Federally Funded	2,414,642	689,441
Expenditures/Expenses and Transfers-Out Non-Appropriated	8,374,099	4,825,418
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	23,847,657	7,048,635
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	(68,586)	16,619
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	359,376	687,033
BUDGETARY BASIS ADJUSTMENTS:		
Increase/(Decrease) for Unrealized Gains/Losses	35,457	120,730
Increase for Budgeted Non-GAAP Expenditures	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	464,671	1,689,977
Increase/(Decrease) for GAAP Revenue Adjustments	(730,737)	(1,273,457)
Increase/(Decrease) for Non-Budgeted Funds	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	60,181	1,240,902
GAAP BASIS FUND BALANCES/NET POSITION:		
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	2,006,752	5,342,612
Prior Period Adjustments (See Note 15A)	-	(68,518)
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 2,066,933	$ 6,514,996

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

PROPRIETARY FUND TYPES					
HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**TOTAL PRIMARY GOVERNMENT**	**FIDUCIARY FUND TYPES**
$ -	$ -	$ -	$ -	$ 11,079,904	$ -
2,923,806	996,252	247,594	369,113	7,515,625	2,921
-	2,292,147	4	-	5,878,195	-
2,923,806	3,288,399	247,598	369,113	24,473,724	2,921
-	-	-	-	1,427,039	-
322,761	723	1,563,177	81,781	11,561,135	2,368,189
415	170,259	357,177	-	3,754,045	-
323,176	170,982	1,920,354	81,781	16,742,219	2,368,189
3,246,982	3,459,381	2,167,952	450,894	41,215,943	2,371,110
-	-	-	-	11,100,903	-
2,800,833	993,907	326,365	356,116	7,489,761	2,730
-	2,292,147	-	-	5,875,479	-
2,800,833	3,286,054	326,365	356,116	24,466,143	2,730
-	-	-	-	1,425,389	-
356,377	1,834	1,148,494	83,191	10,259,941	1,698,603
16,963	170,260	329,344	-	3,620,650	-
373,340	172,094	1,477,838	83,191	15,305,980	1,698,603
3,174,173	3,458,148	1,804,203	439,307	39,772,123	1,701,333
122,973	2,345	(78,767)	12,997	7,581	191
(50,164)	(1,112)	442,516	(1,410)	1,436,239	669,586
13	629	12,249	676	169,754	3,912
-	-	-	-	-	-
5,646	27,721	98,781	33,116	2,319,912	1,276
15,472	(31,947)	(24,858)	2,242	(2,043,285)	(3,252)
807,759	-	-	-	807,759	-
901,699	(2,364)	449,921	47,621	2,697,960	671,713
781,990	10,402	2,378,515	(554,106)	9,966,165	8,454,681
-	-	-	-	(68,518)	-
$ 1,683,689	$ 8,038	$ 2,828,436	$ (506,485)	12,595,607	$ 9,126,394

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1 – BUDGETARY INFORMATION

A. BUDGETARY BASIS

Budget schedules are presented as appropriated and nonappropriated for each category. The appropriated schedules are part of the Required Supplementary Information (RSI) section while the nonappropriated schedules are part of the Supplementary Information (SI) section.

The three budget-to-actual schedules in the RSI show revenues and expenditures that are legislatively appropriated, excluding informational only appropriations that do not require action of the legislature but are included in the appropriations bills for informational purposes only. These schedules are presented in the budgetary fund structure discussed below.

Budgetary fund types differ from fund types proscribed by generally accepted accounting principles. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds include financial resources designated to support specific expenditures. Federal funds primarily include revenues received from the federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures until appropriated.

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

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions:

- Payments to employees paid on a monthly basis for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.

- Certain payments by state agencies to the Office of Information Technology for information technology services purchased in June using general-funded appropriations are reported as expenditures in the following fiscal year.

- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to non-administrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures. In most years, this results in the Department of Health Care Policy and Financing excluding expenditures accrued for services provided but not yet billed.

- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.

- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.

- Pension expense related to unfunded pension liabilities are not recognized on a budgetary basis.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of the State government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriations made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

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

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

Most general and cash funded appropriations, with the exception of capital projects, lapse at year-end unless specifically required by the General Assembly or executive action is taken to rollforward all or part of the remaining unspent budget authority. Appropriations that meet the strict criteria for rollforward are reported in Note 19. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end. Cash funded highway construction, maintenance and operations in the Department of Transportation are appropriated as operating budgets, but remain available in future years through action of the Transportation Commission.

The appropriation controls the combined expenditures and encumbrances of the State, in the majority of the cases, to the level of line item within the State agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures. The appropriation may be retroactively adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act and special bills, excluding informational only appropriations. The column titled Final Spending Authority includes the original appropriation and supplemental appropriations of the Legislature.

Spending occurs outside of the legislative appropriations process primarily for custodial purposes, federally-funded activity for which there is no general-purpose revenue matching requirement, statutory transfers, and other miscellaneous budgetary items. Additional budget-to-actual schedules related to nonappropriated activity are included in the Supplementary Section of the Comprehensive Annual Financial Report.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as noted above. In the General Purpose Revenue Fund and Capital Projects Fund, if earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 2. Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary schedules. These events and transactions are shown in the reconciliation as “Unrealized Gains/Losses” and/or “GAAP Revenue Adjustments.”

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure and how nonappropriated revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure relate to the change in fund balances/net position for the funds presented in the fund-level financial statements.

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense related to loan activity and depreciation, are not budgeted by the General Assembly. In addition, certain General Purpose Revenue Fund payroll disbursements for employee time worked in June by employees paid on a monthly basis, June general-funded purchases of service from the Office of Information Technology, and Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30 are excluded from the expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as “GAAP Expenditures Not Budgeted.” Additionally, this line item includes some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis.

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary schedules. These events and transactions are shown in the reconciliation as “Unrealized Gains/Losses” and/or “GAAP Revenue Adjustments.”

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual schedules is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The State uses encumbrance accounting as an extension of formal budget implementation in most funds except certain fiduciary funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2 – THE STATE'S DEFINED BENEFIT PENSION PLAN

A. PROPORTIONATE SHARE OF PENSION LIBILITY AND CONTRIBUTIONS

Proportionate Share:

The State, Judicial, Denver Public Schools, and Schools Divisions Trust Funds – which are defined benefit cost-sharing multiple-employer pension plans – are administered by the Public Employees' Retirement Association (PERA). The schedule below presents the State's (primary government's) proportionate share of the net pension liability for its retirement Trusts. The amounts presented for each Division were determined as of the measurement date, which is the calendar year-end that occurred within the State's fiscal year. Information is not available prior to calendar year 2013 for the State and Judicial Divisions, and Calendar Year 2018 for the Denver Public Schools and Schools Divisions.

State Division

(Amounts In Thousands)

	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	95.95%	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of Net Pension liability	$ 10,918,046	$ 19,091,149	$ 17,539,728	$ 10,079,252	$ 9,016,144	$ 8,539,181
State's covered payroll	$ 3,262,962	$ 2,796,014	$ 2,751,094	$ 2,687,152	$ 2,586,800	$ 2,570,286
State's proportionate share of the net pension liability as a percentage of its covered payroll	334.61%	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	55.11%	43.20%	42.59%	56.11%	59.84%	61.00%

Judicial Division

(Amounts In Thousands)

	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	94.91%	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of Net Pension liability	$ 134,072	$ 218,136	$ 239,423	$ 172,824	$ 129,499	$ 102,756
State's covered payroll	$ 55,706	$ 46,764	$ 46,320	$ 44,159	$ 40,114	$ 37,203
State's proportionate share of the net pension liability as a percentage of its covered payroll	240.68%	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	68.48%	58.70%	53.19%	60.13%	66.89%	77.41%

Denver Public Schools Division

(Amounts In Thousands)

	CY 2018
State's proportion of the net pension liability	34.13%
State's proportionate share of Net Pension liability	$ 349,095
Plan fiduciary net position as a percentage of the total pension liability	75.69%

Schools Division

(Amounts In Thousands)

	CY 2018
State's proportion of the net pension liability	12.03%
State's proportionate share of Net Pension liability	$ 2,129,952
Plan fiduciary net position as a percentage of the total pension liability	57.01%

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the State and Judicial Divisions as of each fiscal year ending June 30:

State & Judicial Division

(Amounts In Thousands)

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Contractually required contributions	$ 649,516	$ 549,049	$ 524,478	$ 492,159	$ 453,406	$ 419,912	$ 368,468	$ 276,326	$ 256,682	$ 291,892
Contributions in relation to the contractually required contributions	(649,516)	(549,049)	(524,478)	(492,159)	(453,406)	(419,912)	(368,468)	(276,326)	(256,682)	(291,892)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,381,530	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455	1,998,390	2,438,135
Contributions as a percentage of covered payroll	19.21%	19.08%	18.64%	17.76%	16.87%	15.98%	14.62%	11.26%	12.84%	11.97%

State Division

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Contractually required contributions	639,485	541,295	516,932	484,588	$ 446,528	$ 413,694	$ 362,791	$ 272,068	$ 252,727	$ 287,394
Contributions in relation to the contractually required contributions	(639,485)	(541,295)	(516,932)	(484,588)	(446,528)	(413,694)	(362,791)	(272,068)	(252,727)	(287,394)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,320,884	2,829,559	2,767,479	2,725,417	2,645,149	2,590,401	2,479,774	2,422,689	1,969,813	2,409,003
Contributions as a percentage of covered payroll	19.26%	19.13%	18.68%	17.78%	16.88%	15.97%	14.63%	11.23%	12.83%	11.93%

Judicial Division

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Contractually required contributions	$ 10,031	$ 7,754	$ 7,546	$ 7,571	$ 6,878	$ 6,218	$ 5,677	$ 4,258	$ 3,955	$ 4,498
Contributions in relation to the contractually required contributions	(10,031)	(7,754)	(7,546)	(7,571)	(6,878)	(6,218)	(5,677)	(4,258)	(3,955)	(4,498)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	60,646	47,454	46,181	46,332	42,088	38,057	41,019	30,766	28,577	29,132
Contributions as a percentage of covered payroll	16.54%	16.34%	16.34%	16.34%	16.34%	16.34%	13.84%	13.84%	13.84%	15.44%

Denver Public Schools Division

	FY 2019
Contractually required contributions	$ 18,622
Contributions in relation to the contractually required contributions	(18,622)
Contribution deficiency(excess)	-

Schools Division

	FY 2019
Contractually required contributions	$ 126,505
Contributions in relation to the contractually required contributions	(126,505)
Contribution deficiency(excess)	-

B. SIGNFICANT CHANGES IN ASSUMPATIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

Changes in assumptions are discussed in Note 6.

NOTE RSI-3 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) INFORMATION

A. PROPORTIONATE SHARE OF PERA HEALTH CARE TRUST FUNDS OPEB LIBILITY AND CONTRIBUTIONS

Proportionate Share:

The State's Health Care Trust Fund (HFTC) – a defined benefit cost-sharing multiple-employer other post-employment benefit plan – is administered by the Public Employees' Retirement Association (PERA). The schedule below presents the State's (primary government's) proportionate share of the net OPEB liability for its OPEB plan. The amounts presented were determined as of the measurement date, which is the calendar year-end that occurred within the State's fiscal year. Information is not available prior to Calendar Year 2016.

(Amounts In Thousands)	CY 2018	CY 2017	CY 2016
State's proportion (percentage) of the collective net OPEB liability	33.40%	33.71%	33.83%
State's proportionate share of the collective net OPEB liability	$ 454,363	$ 438,113	$ 438,677
State's covered payroll	$ 3,318,668	$ 2,842,778	$ 2,797,414
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	13.69%	15.41%	15.68%
Fiduciary net position as a percentage of the total OPEB liability	17.03%	17.53%	16.72%

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the HCTF as of each fiscal year ending June 30:

(Amounts In Thousands)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Contractually required contributions	$ 30,171	$ 29,346	$ 28,699	$ 28,272	$ 27,410	$ 26,810	$ 25,712	$ 25,025	$ 20,384	$ 24,869
Contributions in relation to the contractually required contributions	(30,171)	(29,346)	(28,699)	(28,272)	(27,410)	(26,810)	(25,712)	(25,025)	(20,384)	(24,869)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	2,957,937	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455	1,998,390	2,438,135
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

B. CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

University OPEB Plan		Fiscal Year Ending June 30, 2019		Fiscal Year Ending June 30, 2018
Service cost	$	49,754,000	$	53,099,000
Interest cost		28,404,000		24,648,000
Changes in benefit terms		-		-
Differences between expected and actual experience		(1,728,000)		(87,654,000)
Changes of assumptions		35,919,000		(46,406,000)
Benefit payments		(15,163,000)		(17,211,000)
Net change in total OPEB liability		97,186,000		(73,524,000)
Total OPEB liability (beginning)		746,773,000		820,297,000
Total OPEB liability (ending)	$	843,959,000	$	746,773,000
Plan Fiduciary Net Position				
Contributions	$	15,163,000	$	17,211,000
Net investment income		-		-
Benefit payments		(15,163,000)		(17,211,000)
Administrative expense		-		-
Net change in plan fiduciary net position		-		-
Plan fiduciary net position (beginning)		-		-
Plan fiduciary net position (ending)		-		-
Total OPEB liability (ending)	$	843,959,000	$	746,773,000
Net position as a % of OPEB liability		0.00%		0.00%
Covered-employee payroll	$	1,663,010,000	$	1,475,177,000
Total OPEB liability as a % of payroll		50.75%		50.62%

C. SIGNFICANT CHANGES IN ASSUMPATIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

Changes in assumptions and other inputs affecting trends in actuarial information are discussed in Note 7.

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GENERAL PURPOSE REVENUE COMPONENT
FOR THE YEAR ENDED JUNE 30, 2019
(DOLLARS IN THOUSANDS)

	Forecasted / Budgeted Amounts		Actual Amounts	
	Original	Final	Budgetary Basis	Variance
Budgetary fund balance, July 1	$ 691,107	$ 691,107	$ 691,107	
Resources (Inflows):				
Sales and use tax	3,562,400	3,640,300	3,592,176	$ (48,124)
Other excise taxes	102,300	104,600	103,146	(1,454)
Individual income tax, net	7,207,063	7,530,400	7,330,719	(199,681)
Corporate income tax, net	721,237	846,800	855,707	8,907
Insurance tax	319,300	315,300	314,664	(636)
Pari-mutuel, courts, and other	37,300	28,400	53,072	24,672
Investment income	18,700	14,200	26,517	12,317
Transfers-in from other funds	6,800	19,200	37,524	18,324
Amounts available for appropriation	12,666,207	13,190,307	13,004,631	(185,676)
Charges to appropriations (outflows):				
Agriculture	11,107	11,107	11,107	(0)
Corrections	810,881	829,097	827,467	1,631
Education	4,180,288	4,114,386	4,113,625	761
Governor	43,090	43,054	41,795	1,259
Health Care Policy and Financing	2,915,601	2,956,984	2,967,476	(10,492)
Higher Education	1,005,311	1,001,176	1,001,010	166
Human Services	991,332	978,294	962,300	15,994
Judicial Branch	553,074	560,715	553,768	6,947
Labor and Employment	19,593	19,278	19,278	(0)
Law	16,611	16,612	16,029	583
Legislative Branch	49,914	50,288	50,288	0
Local Affairs	38,520	37,145	36,007	1,138
Military and Veterans Affairs	11,110	11,207	10,690	517
Natural Resources	32,005	32,005	31,894	111
Personnel and Administration	16,047	13,923	13,711	212
Public Health and Environment	54,039	52,166	51,959	207
Public Safety	183,106	184,816	183,663	1,153
Regulatory Agencies	6,101	6,169	6,154	15
Revenue	245,030	388,090	361,461	26,629
Treasury	1,080,602	1,080,626	1,038,877	41,749
Nondepartmental:				
Transfers-out to capital projects fund	-	90,382	90,382	0
Total charges to appropriations	12,263,362	12,477,520	12,388,939	88,581
Budgetary reserves and amounts not forecasted or budgeted:				
Increase in Contingency reserve - C.R.S. 24-75-201.1	(139,300)	(139,300)	(139,300)	-
Release of prior year State Controller approved rollforwards			29,641	
State Controller approved rollforwards			(33,264)	
Net of revenues not forecasted and expenditures not budgeted			(20,396)	
Total budgetary reserves and amounts not forecasted or budgeted	(139,300)	(139,300)	(163,319)	
Budgetary fund balance, June 30	$ 542,145	$ 852,087	$ 452,373	

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

Budgetary Comparison Schedule
General Fund- General Purpose Revenue Component
Budget-to-GAAP Reconciliation
For the Year Ended June 30, 2019
(Dollars in Thousands)

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures		
Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	$	13,004,631
Differences - budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.		(691,107)
Federal revenues not forecasted		5,996,092
Fee revenues and other funding sources not forecasted		717,430
Other revenues not forecasted		29,006
Deferred Medicaid revenues are excluded from inflows of budgetary resources but are revenues for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (II).		(89,693)
Fair value of investments in excess of cost is excluded from inflows of budgetary resources but is revenue for financial reporting purposes.		24,227
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control		(467,712)
Transfers are inflows of budgetary resources but are other financing sources for financial reporting purposes. (Adjusted for SC22 entries)		(158,021)
Capital lease proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.		(527)
Insurance recoveries are not revenues for financial reporting purposes.		(215)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$	18,364,111
Uses/outflows of resources and reserves:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.		12,388,939
Differences - budget to GAAP:		
Expenditures of federal grants and contracts not budgeted		5,990,816
Fee revenue and other funding uses not budgeted		683,866
Other expenditures not budgeted		88,242
Transfers to other funds are outflows of budgetary resources but are other financing uses for financial reporting purposes. (Adjusted for SC22 entries)		(5,373,279)
Deferred Medicaid expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (II).		(135,011)
Deferred payroll expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (III).		106,757
Deferred information technology expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (IV).		53
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control.		(467,712)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances—general fund components	$	13,282,670

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

NOTE RSI-4

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND – GENERAL PURPOSE REVENUE COMPONENT

The State of Colorado reports components of the General Fund segregated by revenues being either general purpose or special purpose. Special purpose revenues are fund component revenues which are not of a sufficient original source to qualify for reporting as a special revenue fund. The special purpose components of the General Fund are: State Public Schools, Risk Management, and Other Special Purpose. General purpose revenues are not designated for a specific purpose and are reported in the General Purpose Revenue component of the General Fund. The General Purpose Revenue component of the General Fund is the primary operating fund of the state and is used to account for all financial resources and activity not required to be accounted for in another fund. Refer to the Supplementary Information section for additional information on the General Fund components and combining statements for the General Fund.

This schedule is presented primarily to report the change in budgetary fund balance from the prior fiscal year. The change in budgetary fund balance, as reconciled to the state's financial statements, supports the state's budgetary process. Ending budgetary fund balance on this schedule combined with relevant revenue forecasts are used to determine the total amount to be appropriated for the following fiscal year.

Beginning budgetary fund balances, resources (inflows), and amounts available for appropriation for the original budget and final budget are based on quarterly economic forecasts prepared by the Governor's Office of State Planning and Budgeting. Beginning budgetary fund balance and resources (inflows) in the actual amounts column reconcile to the state's accounting system. The March 2018 forecast is used for the original budget and the December 2018 forecast is used for the final budget. Charges to appropriations (outflows) for original and final budget are derived from budgeted expenditures recorded in the state's accounting system and agree to appropriations made by the General Assembly.

The original and final budget does not include budgeted amounts for federal grants and contracts, fees and other funding sources/uses, and revenues/expenditures not budgeted because they are currently not forecasted by the Office of State Planning and Budget. Amounts are included in the actual column because the activity is accounted for in this component of the General Fund.

Certain state laws result in budget-to-GAAP differences. C.R.S. 24-75-201(2)(a)(II) excludes Medicaid revenues from inflows of budgetary resources but they are revenues for financial reporting. C.R.S. 24-75-201(2)(a)(III) excludes Medicaid expenditures from outflows of budgetary resources but they are expenditures for financial reporting. C.R.S. 24-75-201(2)(a)(IV) excludes some payroll-related expenditures from outflows of budgetary resources but they are expenditures for financial reporting. C.R.S. 24-75-201(2)(a)(IV) excludes specific information technology expenditures from outflows of budgetary resources but they are expenditures for financial reporting purposes. Refer to the Budget-to-GAAP Reconciliation for amounts related to these statutorily-based budget-to-GAAP differences as well as for information on other budget-to-GAAP differences.

State law (C.R.S. 24-75-201.1) restricts state appropriations from this component of the General Fund so that budgetary resources will be available for use in a state fiscal emergency. A state fiscal emergency may be declared by the passage of a joint resolution which is approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor. The reserve for Fiscal Year 2019 is $814.2 million. The reserve is included in this schedule and therefore beginning and ending budgetary fund balance are net of the required reserve. A positive ending budgetary fund balance in the actual column indicates a reserve maintained in compliance with state law.

APPENDIX B

FORMS OF THE FINANCING DOCUMENTS

(Page numbering is that of the respective documents)

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FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
MASTER TRUST INDENTURE
by

ZIONS FIRST NATIONAL BANK,
as Trustee

authorizing

State of Colorado
Building Excellent Schools Today
Certificates of Participation

Dated as of August 12, 2009

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STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
MASTER TRUST INDENTURE

This State of Colorado Building Excellent Schools Today Master Trust Indenture (this "Master Indenture") is dated as of August 12, 2009, and is executed and delivered by Zions First National Bank, a national banking association duly organized and validly existing under the laws of the United States, as trustee for the benefit of the Owners of the Certificates (the "Trustee"). ***Capitalized terms used but not defined herein have the meanings assigned to them in the Glossary attached hereto, as such Glossary is amended, supplemented and restated from time to time***.

RECITALS

This Master Indenture is being executed and delivered to provide for the execution, delivery and payment of and security for the Certificates, the proceeds of which will be used to finance Projects. The Certificates evidence undivided interests in the right to receive Lease Revenues. The Certificates will be executed and delivered in Series and Supplemental Indentures will be executed and delivered to provide additional terms applicable to each Series of Certificates.

AGREEMENT

The Trustee hereby declares for the benefit of the Owners and the State as follows:

ARTICLE I

SECURITY FOR CERTIFICATES

Section 1.01. Trust Estate. The Trustee, in consideration of the premises, the purchase of the Certificates by the Owners and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Certificates and all other amounts payable to the Owners with respect to the Certificates, to secure the performance and observance of all the covenants and conditions set forth in the Certificates and the Indenture, and to declare the terms and conditions upon and subject to which the Certificates are executed, delivered and secured, has executed and delivered this Master Indenture and has granted, assigned, pledged, bargained, sold, alienated, remised, released, conveyed, set over and confirmed, and by these presents does grant, assign, pledge, bargain, sell, alienate, remise, release, convey, set over and confirm, in trust upon the terms set forth herein all and singular the following described property, franchises and income, including any title or interest therein acquired after these presents, all and singular the following described property, franchises and income, including any title therein acquired after these presents:

(a) the Leased Property and the tenements, hereditaments, appurtenances, rights, privileges and immunities thereto belonging or appertaining, subject to the terms of each Lease including, but not limited to, the terms of such Lease permitting the existence of Permitted Encumbrances;

(b) all rights, title and interest of the Trustee in, to and under each Lease (other than the Trustee's rights to payment of its fees and expenses under such Lease and the rights of third parties to Additional Rent payable to them under such Lease);

(c) all Base Rent payable pursuant to each Lease;

(d) all Federal Direct Payments with respect to the interest component of Base Rentals paid to the Trustee pursuant to any Lease;

(e) the State's Purchase Option Price paid pursuant to each Lease, if paid (including any Net Proceeds used to pay the State's Purchase Option Price);

(f) all money and securities from time to time held by the Trustee under this Indenture in the Certificate Fund, the Capital Construction Fund and the State Expense Fund (but not the Rebate Fund or any defeasance escrow account); and

(g) any and all other property, revenues or funds from time to time hereafter by delivery or by writing of any kind specially granted, assigned or pledged as and for additional security hereunder, by any Person in favor of the Trustee, which shall accept any and all such property and hold and apply the same subject to the terms hereof.

The Subleases, the Matching Money Bonds and moneys paid by the Sublessees pursuant to the Subleases and the Matching Money Bonds are not included in the Trust Estate.

Section 1.02. Discharge of Indenture. If this Master Indenture is discharged in accordance with Section 9.01 hereof, the right, title and interest of the Trustee and the Owners in and to the Trust Estate shall terminate and be discharged; otherwise this Master Indenture is to be and remain in full force and effect.

Section 1.03. Certificates Secured on a Parity Unless Otherwise Provided. The Trust Estate shall be held by the Trustee for the equal and proportionate benefit of the Owners of all Outstanding Certificates, and any of them, without preference, priority or distinction as to lien or otherwise, except as expressly set forth in the Indenture.

Section 1.04. Limited Obligations.

(a) Payment of Rent and all other payments by the State shall constitute currently appropriated expenditures of the State and may be paid solely from legally available moneys in the Assistance Fund, including any moneys appropriated or transferred by the Colorado General Assembly to the Assistance Fund in accordance with the Act from any legally available source if the amount of money in the Assistance Fund that is available to pay Rent will be insufficient to cover the full amount of Rent. All obligations of the State under the Leases shall be subject to the action of the Colorado General Assembly in annually making moneys available for payments thereunder. The obligations of the State to pay Rent and all other obligations of the State under the Leases are subject to appropriation by the Colorado General Assembly in its sole discretion, and shall not be deemed or construed as creating an indebtedness of the State within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the State and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the State within the meaning of Section 20(4) of Article X of the State Constitution. In the event the State does not renew any Lease, the sole security available to the Trustee, as lessor under the Leases, shall be the Leased Property leased under the Leases, subject to the terms of the Leases.

(b) The Certificates evidence undivided interests in the right to receive Lease Revenues and shall be payable solely from the Trust Estate. No provision of the Certificates, the Indenture, any Lease, any Site Lease, any Sublease, any Matching Moneys Bond or any other document or instrument shall be construed or interpreted (i) to directly or indirectly obligate the State to make any payment in any Fiscal Year in excess of amounts appropriated by the Colorado General Assembly for Rent for such Fiscal Year; (ii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Section 3 of Article XI, Section 20 of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statues or other State law; (iii) as a delegation of governmental powers by the State; (iv) as a loan or pledge of the credit or faith of the State or as creating any responsibility by the State for any debt or liability of any person, company or corporation within the meaning of Section 1 of Article XI of the State Constitution; or (v) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Section 2 of Article XI of the State Constitution.

(c) The provisions of this Section are hereby expressly incorporated into each Supplemental Indenture. The Certificates shall contain statements substantially in the form of subsections (a) and (b) of this Section.

Section 1.05. Certificates Constitute a Contract. The Certificates shall constitute a contract between the Trustee and the Owners. In no event shall any decision by the Colorado General Assembly not to appropriate any amounts payable under a Lease be construed to constitute an action impairing such contract.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND DELIVERY OF CERTIFICATES

Section 2.01. Authorization, Name and Amount. No Certificates may be executed and delivered hereunder except in accordance with this Article. The Certificates may be issued in one or more Series. Each Series of Certificates shall be named State of Colorado Building Excellent Schools Today Certificates of Participation, followed by the Tax Treatment Designation of such Series (omitting the word "Certificates"), a year and letter that corresponds to the year and letter in the name of the Lease that is entered into in connection with the issuance of such Series of Certificates and, if more than one Series of Certificates are issued at the same time, a dash and a number to distinguish such Series of Certificates from the other Series of

Certificates issued at the same time. The aggregate principal amount of Certificates that may be executed and delivered is not limited in amount.

Section 2.02. Purpose, Payment, Authorized Denominations and Numbering.

(a) The Certificates shall be sold, executed and delivered for the purpose of paying the Costs of the Projects and the Costs of Issuance, making deposits to funds, accounts and subaccounts held by the Trustee or, if proceeds of the applicable Series of Certificates are to be used to defease Outstanding Certificates pursuant to Section 9.01 hereof, making deposits to a defeasance escrow account and paying other costs associated with the defeasance.

(b) The Certificates shall be issuable only as fully registered Certificates in Authorized Denominations. The Certificates shall be numbered in such manner as shall be determined by the Trustee.

(c) The principal of and premium, if any, on any Certificate shall be payable to the Owner thereof as shown on the registration records of the Trustee upon maturity or prior redemption thereof and upon presentation and surrender at the Operations Center of the Trustee. Payment of interest on the Certificates shall be made by check or draft of the Trustee mailed, on or before each Interest Payment Date, to the Owner thereof at his address as it last appears on the registration records of the Trustee at the close of business on the Record Date. Any such interest not so timely paid shall cease to be payable to the person who is the Owner thereof at the close of business on the Record Date and shall be payable to the person who is the Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest. Such Special Record Date shall be fixed by the Trustee whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given by the Trustee to the Owners of the Certificates, not less than ten days prior to the Special Record Date, by first-class mail to each such Owner as shown on the Trustee's registration records on a date selected by the Trustee, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. Alternative means of payment of interest may be used if mutually agreed to in writing between the Owner of any Certificate and the Trustee.

Section 2.03. Form of Certificates. The Certificates of each Series shall be in substantially the form set forth in the Supplemental Indenture authorizing such Series of Certificates or an exhibit, appendix or other attachment thereto, with such changes thereto, not inconsistent with this Master Indenture or such Supplemental Indenture, as may be necessary or desirable and approved by the State.

Section 2.04. Execution and Authentication of Certificates. The manual signature of a duly authorized signatory of the Trustee shall appear on each Certificate. Any Certificate shall be deemed to have been executed by a duly authorized signatory of the Trustee if signed by the Trustee, but it shall not be necessary that the same signatory sign all of the Certificates executed and delivered hereunder. If any signatory of the Trustee whose signature appears on a Certificate shall cease to be such official before delivery of the Certificates, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he or she had remained a duly authorized signatory of the Trustee until delivery.

Section 2.05. Mutilated, Lost, Stolen or Destroyed Certificates. In the event that any Certificate is mutilated, lost, stolen or destroyed, a new Certificate may be executed on behalf of the Trustee, of like Series, date, maturity, interest rate and denomination as that mutilated, lost, stolen or destroyed; provided that the Trustee shall have received such evidence, information or indemnity from the Owner of the Certificate as the Trustee may reasonably require, and provided further, in case of any mutilated Certificate, that such mutilated Certificate shall first be surrendered to the Trustee. In the event that any such Certificate shall have matured, instead of issuing a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge the Owner of the Certificate with its reasonable fees and expenses in this connection and require payment of such fees and expenses as a condition precedent to the delivery of a new Certificate.

Section 2.06. Registration of Certificates; Persons Treated as Owners; Transfer and Exchange of Certificates.

(a) Records for the registration and transfer of Certificates shall be kept by the Trustee which is hereby appointed the registrar for the Certificates. The principal of, interest on, and any prior redemption premium on any Certificate shall be payable only to or upon the order of the Owner or his legal representative (except as otherwise herein provided with respect to Record Dates and Special Record Dates for the payment of interest). Upon surrender for transfer of any Certificate at the Operations Center of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney duly authorized in writing, the Trustee shall enter such transfer on the registration records and shall execute and deliver in the name of the transferee or transferees a new fully registered Certificate or Certificates of a like Series, aggregate principal amount and of the same maturity, bearing a number or numbers not previously assigned.

(b) Fully registered Certificates may be exchanged at the Operations Center of the Trustee for an equal aggregate principal amount of fully registered Certificates of the same Series, maturity and interest rate of other Authorized Denominations. The Trustee shall execute and deliver Certificates which the Owner making the exchange is entitled to receive, bearing numbers not previously assigned.

(c) The Trustee may require the payment, by the Owner of any Certificate requesting exchange or transfer, of any reasonable charges as well as any taxes, transfer fees or other governmental charges required to be paid with respect to such exchange or transfer.

(d) The Trustee shall not be required to transfer or exchange (i) all or any portion of any Certificate during the period beginning at the opening of business 15 days before the day of the mailing by the Trustee of notice calling any Certificates for prior redemption and ending at the close of business on the day of such mailing, or (ii) all or any portion of a Certificate after the mailing of notice calling such Certificate or any portion thereof for prior redemption.

(e) Except as otherwise herein provided with respect to Record Dates and Special Record Dates for the payment of interest, the person in whose name any Certificate shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal or interest on any Certificate shall be made only to or upon the written order of the Owner thereof or his legal representative, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid.

(f) Notwithstanding any other provision hereof, except as otherwise provided in a Supplemental Indenture with respect to one or more Series of Certificates, the Certificates shall be delivered only in book-entry form registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, acting as securities depository of the Certificates and principal of, premium, if any and interest on the Certificates shall be paid by wire transfer to DTC; provided, however, if at any time the State or the Trustee determines that DTC is no longer able to act as, or is no longer satisfactorily performing its duties as, securities depository for the Certificates, the State may, at its discretion, either (i) designate a substitute securities depository for DTC, whereupon the Trustee shall reregister the Certificates as directed by such substitute securities depository or (ii) terminate the book-entry registration system, whereupon the Trustee shall reregister the Certificates in the names of the beneficial owners thereof provided to it by DTC. The Trustee shall have no liability to DTC, Cede & Co., any substitute securities depository, any Person in whose name the Certificates are reregistered at the direction of any substitute securities depository, any beneficial owner of the Certificates or any other Person for (A) any determination made by the State or the Trustee pursuant to the proviso at the end of the immediately preceding sentence or (B) any action taken to implement such determination and the procedures related thereto that is taken pursuant to any direction of or in reliance on any information provided by DTC, Cede & Co., any substitute securities depository or any Person in whose name the Certificates are reregistered.

Section 2.07. Cancellation of Certificates. Whenever any Outstanding Certificate shall be delivered to the Trustee for cancellation pursuant to this Indenture, upon payment thereof or for or after replacement pursuant to Section 2.05 or 2.06 hereof, such Certificate shall be promptly cancelled by the Trustee.

Section 2.08. Negotiability. Subject to the registration provisions hereof, the Certificates shall be fully negotiable and shall have all the qualities of negotiable paper, and the Owners thereof shall possess all rights enjoyed by the holders or owners of negotiable instruments under the provisions of the Uniform Commercial Code-Investment Securities. The principal of and interest on the Certificates shall be paid, and the Certificates shall be transferable, free from and without regard to any equities, set-offs or cross-claims between the Trustee and the original or any intermediate owner of any Certificates.

Section 2.09. Conditions to Execution and Delivery of Certificates. No Series of Certificates may be executed and delivered unless each of the following conditions has been satisfied:

(a) The Trustee has received a form of Supplemental Indenture that specifies the following: (i) the Tax Treatment Designation, the Series name, the aggregate principal amount, the Authorized Denominations, the dated date, the maturity dates, the interest rates, if any, the redemption provisions, if any, the form and any variations from the terms set forth in this Master Indenture with respect to such Series of Certificates; (ii) any amendment, supplement or restatement of the Glossary required or deemed by the State to be advisable or desirable in connection with such Supplemental Indenture; and (iii) any other provisions deemed by the State to be advisable or desirable and that do not violate and are not in conflict with this Master Indenture or any previous Supplemental Indenture.

(b) The Trustee has received forms of a new Site Lease and Lease or amendments to an existing Site Lease and Lease adding any new Leased Property and/or amendments to an existing Site Lease and Lease removing or modifying any Leased Property that is to be removed or modified.

(c) If the proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to Section 9.01 hereof, the Trustee shall have received a form of a defeasance escrow agreement and the other items required by Section 9.01 hereof.

(d) The State has certified to the Trustee that: (i) the Fair Market Value of the property added to the Leased Property in connection with the execution and delivery of such Series of Certificates is at least equal to 90% of the principal amount of such Series of Certificates; and (ii) no Event of Default or Event of Nonappropriation exists under any Lease. The certification of the State pursuant to clause (i) may be given based and in reliance upon certifications by the Sublessees that leased the Leased Property to the Trustee pursuant to Site Leases.

(e) The Trustee has received evidence that the execution and delivery of the Series of Certificates will not result in a reduction of the then current rating by any Rating Agency of any Outstanding Certificates, which evidence may take the form of a letter from a Rating Agency, a certificate of a financial advisor to the State or a certificate of an underwriter of Certificates.

(f) The State has directed the Trustee in writing as to the delivery of the Series of Certificates and the application of the proceeds of the Series of Certificates, including, but not limited to, the amount to be deposited into the Project Account established for each Sublessee, the amount, if any, of the Allocated Investment Earnings for each Project Account, the amount to be deposited into the Cost of Issuance Account and, if proceeds of such Series of Certificates are to be used to defease Outstanding Certificates pursuant to Section 9.01 hereof, the amount to be deposited into the defeasance escrow account established pursuant to Section 9.01 hereof.

(g) The Trustee has received a written opinion of Bond Counsel to the effect that (i) the Certificates of such Series have been duly authorized, executed and delivered pursuant to the Act and the Indenture (including the Supplemental Indenture executed and delivered in connection with the execution and delivery of such Series of Certificates) and will not cause an Adverse Tax Event, and (ii) the execution, sale and delivery of the Series of Certificates will not constitute an Event of Default or a Failure to Perform or cause any violation of the covenants set forth in the Indenture.

Section 2.10. Execution and Delivery of Supplemental Indenture, Site Lease, Lease, Amendment to Site Lease, Lease or Defeasance Escrow Agreement; Delivery of Certificates; Application of Proceeds. If the conditions set forth in Section 2.09 hereof have been satisfied, the Trustee shall execute and deliver the Supplemental Indenture, any Site Lease, any Lease, any amendment to any existing Site Lease, Lease or any defeasance escrow agreement provided to it pursuant to Section 2.09 hereof in the form provided to it and shall deliver the Series of Certificates and apply the proceeds of the Series of Certificates as directed by the State.

Section 2.11. Principal Strips, Interest Strips and Tax Credit Strips. If and as provided in a Supplemental Indenture, (a) Principal Strips and Interest Strips, (b) Principal Strips and Tax Credit Strips or (c) Principal Strips, Interest Strips and Tax Credit Strips may be authorized, executed, authenticated and delivered in lieu of or to replace any Certificate. If Principal Strips and Interest Strips and/or Tax Credit Strips are authorized, executed, authenticated and delivered in lieu of or to replace a Certificate, (i) the rights of the Owners of such Certificate shall be allocated among the owners of the Principal Strips and Interest Strips and/or Tax Credit Strips as provided in such Supplemental Indenture and (ii) all references to such Certificate in the Indenture, the Leases, the Subleases, the Site Leases and all related documents shall, except as otherwise provided in such Supplemental Indenture, be deemed to refer to the owners of the Principal Strip and Interest Strip and/or the Tax Credit Strip authorized, executed, authenticated and delivered in lieu of or to replace such Certificate, collectively.

ARTICLE III

FUNDS AND ACCOUNTS

Section 3.01. Certificate Fund.

(a) ***Creation of Certificate Fund***. A special fund is hereby created and established with the Trustee to be designated the State of Colorado Building Excellent Schools Today Certificates of Participation Certificate Fund (the "Certificate Fund") and, within such fund, the Interest Account; the Principal Account; the Purchase Option Account; and a separate Sinking Fund Account for each Series of Qualified School Construction Certificates, the names of each of which Sinking Fund Accounts shall include the same Series designation as the related Series of Qualified School Construction Certificates.

(b) ***Deposits into Accounts of Certificate Fund***.

(i) *Deposits into Interest Account*. There shall be deposited into the Interest Account: (A) accrued interest and capitalized interest, if any, received at the time of the execution and delivery of each Series of Certificates; (B) that portion of each payment of Base Rent by the State which is designated and paid as the interest component of Base Rent under a Lease; (C) any Federal Direct Payment received with respect to the interest component of Base Rent payable by the State under any Lease; (D) any moneys transferred to the Interest Account from the State Expense Fund pursuant to Section 3.03(c) hereof; (E) any moneys transferred to the Interest Account from the Rebate Fund pursuant to Section 3.04(d) hereof; and (F) all other moneys received by the Trustee that are accompanied by directions from the State that such moneys are to be deposited into the Interest Account.

(ii) *Deposits into Principal Account*. There shall be deposited into the Principal Account: (A) that portion of each payment of Base Rent by the State which is designated and paid as the Amortizing Principal component of Base Rent under a Lease; (B) any moneys transferred to the Principal Account from a Sinking Fund Account pursuant to paragraph (iv) of subsection (c) of this Section; (C) any moneys transferred to the Principal Account from the State Expense Fund pursuant to Section 3.03(c) hereof; and (D) all other moneys received by the Trustee that are accompanied by directions from the State that such moneys are to be deposited into the Principal Account.

(iii) *Deposits into Purchase Option Account*. There shall be deposited into the Purchase Option Account: (A) the State's Purchase Option Price; (B) any money transferred to the Purchase Option Account from the State Expense Fund pursuant to Section 3.02(c) hereof; and (C) all other moneys received by the Trustee that are accompanied by directions from the State that such moneys are to be deposited into the Purchase Option Account.

(iv) *Deposits into Sinking Fund Accounts*. There shall be deposited into each Sinking Fund Account (A) that portion of each payment of Base Rent by the State which is designated and paid as the Sinking Fund Principal component of Base Rent under the Lease with the same Series designation as such Sinking Fund Account; (B) any moneys transferred to such Sinking Fund Account from the State Expense Fund pursuant to Section 3.03(c) hereof; and (C) all other moneys received by the Trustee that are accompanied by directions from the State that such moneys are to be deposited into such Sinking Fund Account.

(c) ***Use of Moneys in Accounts of Certificate Fund***.

(i) *Use of Moneys in Interest Account*. Except as otherwise specifically provided below in this paragraph, moneys in the Interest Account shall be used solely for the payment of interest on the Certificates, except that:

(A) interest on Certificates payable as part of the redemption price of Certificates that are redeemed as a result of the exercise by the State of its option under a Lease to purchase a portion of (but not all) the Leased Property shall be paid solely from the Purchase Option Account;

(B) moneys representing accrued interest and capitalized interest received at the time of the execution and delivery of any Series of Certificates shall be used solely to pay the first interest due on such Series of Certificates;

(C) any moneys other than those described in clause (B) above that are transferred to the Interest Account with specific instructions as to their use shall be used solely in accordance with such instructions;

(D) any moneys remaining in the Interest Account after all the interest payable from the Interest Account on all Certificates has been paid shall be transferred to the Principal Account; and

(E) notwithstanding the foregoing, all moneys in the Interest Account shall (I) be used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases.

(ii) *Use of Moneys in Principal Account*. Except as otherwise specifically provided below in this paragraph, moneys in the Principal Account shall be used solely for the payment of principal of the Certificates, except that:

(A) principal of Qualified School Construction Certificates of any Series shall be paid solely from the Sinking Fund Account with the same Series designation as such Series of Qualified School Construction Certificates;

(B) principal of Certificates payable as part of the redemption price of Certificates that are redeemed as a result of the exercise by the State of its option under a Lease to purchase a portion of (but not all) the Leased Property shall be paid solely from the Purchase Option Account;

(C) except as otherwise provided in clause (A) or (B) above, any moneys that are transferred to the Principal Account with specific instructions as to their use shall be used solely in accordance with such instructions; and

(D) notwithstanding the foregoing, all moneys in the Principal Account shall (I) be used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) shall be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases.

(iii) *Use of Moneys in Purchase Option Account*. Except as otherwise specifically provided below in this paragraph, moneys in the Purchase Option Account shall be used solely for the payment of the redemption price of Certificates that are redeemed as a result of the exercise by the State of its option under one or more Leases to purchase a part or all of the Leased Property, except that:

(A) the State's Purchase Option Price paid with respect to a portion (but not all) of the Leased Property subject to a Lease shall be used only to pay the redemption price of Certificates with the same Series designation as such Lease;

(B) the portion of the redemption price of Qualified School Construction Certificates of any Series representing Funded Principal shall be paid solely from the Sinking Fund Account with the same Series designation as such Series of Qualified School Construction Certificates; and

(C) notwithstanding the foregoing, all moneys in the Purchase Option Account shall be used (I) in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) to pay the redemption price of all the Certificates following the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases.

(iv) *Use of Moneys in Sinking Fund Accounts*. Except as otherwise specifically provided below in this paragraph, moneys in each Sinking Fund Account shall be used solely for the payment of the principal of and the principal portion of the redemption price of Qualified School Construction Fund Certificates with the same Series designation as such Sinking Fund Account. Notwithstanding the foregoing, (A) moneys remaining in a Sinking Fund Account after payment of the principal of and the principal portion of the redemption price of Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account shall be transferred to the Principal Account; and (B) all moneys in the Sinking Fund Accounts shall (I) be used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases.

Section 3.02. Capital Construction Fund.

(a) ***Creation of Capital Construction Fund***. A special fund is hereby created and established with the Trustee to be designated the State of Colorado Building Excellent Schools Today Capital Construction Fund (the "Capital Construction Fund"), and, within such fund, the Costs of Issuance Account and a separate Project Account for each Project that is being financed for each Sublessee with proceeds of each Series of Certificates. The names of the Project Accounts for the Projects to be financed with proceeds of each Series of Certificates shall include the Series designation of such Series of Certificates and the name of the Sublessee for which the Project is being financed. The Trustee may establish such additional accounts within the Capital Construction Fund or such subaccounts within any of the existing or any future accounts of the Capital Construction Fund as may be necessary or desirable.

(b) ***Deposits into Accounts of Capital Construction Fund***.

(i) *Proceeds of Certificates*. Proceeds from the sale of each Series of Certificates shall be deposited into the Costs of Issuance Account and the Project Accounts in the amounts designated by the State in connection with the execution and delivery of such Series of Certificates. When the State designates the amount of proceeds from the sale of a Series of Certificates to be deposited into a Project Account, it shall also designate the Allocated Investment Earnings, if any, for such Project Account.

(ii) *Earnings from Investment of Project Accounts*. Earnings from the investment of moneys in all the Project Accounts when received shall be aggregated and allocated among the Project Accounts in proportion to the ratio of (A) the Allocated Investment Earnings for each Project Account that have not previously been deposited into such Project Account pursuant to this paragraph to (B) the Allocated Investment Earnings for all Project Accounts that have not previously been deposited into the Project Accounts pursuant to this paragraph. The amount of investment earnings so allocated to a Project Account shall be deposited into such Project Account until the amount so deposited equals the Allocated Investment Earnings for such Project Account. After the amount of investment earnings allocated to a Project Account exceeds the Allocated Investment Earnings for such Project Account, the excess shall be deposited into the State Expense Fund, except that any such investment earnings resulting from the investment of proceeds of any Series of Qualified School Construction Certificates, at the direction of the State, (I) shall be transferred to another Project Account or the Assistance Fund and, subject to terms of the tax compliance or similar certificate executed by the State in connection with the execution and delivery of such Series of Qualified School Construction Certificates, shall be used to pay the costs of a capital construction project as defined in the Act; or (II) shall be used in any other manner directed by the State upon receipt of an opinion of Bond Counsel that such transfer or use will not cause an Adverse Tax Event.

(iii) *Other Deposits to Accounts*. There shall also be deposited into the Costs of Issuance Account and any Project Account any moneys received by the Trustee that are accompanied by instructions to deposit the same into such account.

(iv) *Transfers Between Project Accounts at Direction of State*. Notwithstanding any other provision hereof, the State may, at any time but subject to the terms of the tax compliance or similar certificate executed by the State in connection with the execution and delivery of the Series of Certificates from the Project Account from which the moneys are transferred, direct the Trustee to transfer any moneys held in any Project Account to any other Project Account or to the Assistance Fund to pay the costs of a capital construction project as defined in the Act if the State determines that (A) the sum of the money remaining in, and money expected to be deposited in the future into, the Project Account from which the transfer is made will be sufficient to pay the unpaid Costs of the Project for the Project for which such Project Account was established or (B) no further Costs of the Project will be funded from the Project Account from which the transfer is made.

(c) ***Use of Moneys in Costs of Issuance Account***. Moneys held in the Costs of Issuance Account shall be used to pay Costs of Issuance as directed by the State. The Trustee shall transfer any amounts held in the Costs of Issuance Account that are not required to pay Costs of Issuance to the State Expense Fund or one or more Project Accounts as directed by the State. Notwithstanding the foregoing, moneys in the Costs of Issuance Account shall (I) be used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Lease to purchase all the Leased Property subject to all Leases.

(d) ***Use of Moneys in Project Accounts***.

(i) Moneys held in each Project Account shall be disbursed to the Sublessee for whose Project the Account was established to pay, or reimburse the Sublessee for, Costs of the Project for which such Project Account was established upon receipt of a requisition in substantially the form attached hereto as Appendix A, signed by the Sublessee Representative and the State Representative.

(ii) Upon the receipt by the Trustee of the Completion Certificate for the Project, the remaining moneys held in such Project Account shall be transferred by the Trustee to the State Expense Fund.

(iii) Notwithstanding the foregoing, (A) the Trustee shall separately account for Available Project Proceeds of each Series of Qualified School Construction Certificates (which includes earnings from the investment of Available Project Proceeds of each Series of Qualified School Construction

Certificates); (B) Available Project Proceeds of any Series of Qualified School Construction Certificates held in any Project Account that have not been expended as of the last day of the Available Project Proceeds Expenditure Period for such Series of Qualified School Construction Certificates shall be used to pay the redemption price of Qualified School Construction Certificates of such Series in connection with an Unexpended Proceeds Redemption of such Series of Qualified School Construction Certificates; and (C) all moneys in all Project Accounts shall be (I) used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Lease to purchase all the Leased Property subject to all Leases.

Section 3.03. State Expense Fund.

(a) ***Creation of State Expense Fund***. A special fund is hereby created and established with the Trustee to be designated the State of Colorado Building Excellent Schools Today Certificates of Participation State Expense Fund (the "State Expense Fund").

(b) ***Deposits into State Expense Fund***. There shall be deposited into the State Expense Fund: (i) upon the execution and delivery of each Series of Certificates, proceeds from the sale of such Series of Certificates in the amount, if any, directed by the State; (ii) earnings from the investment of moneys in the Project Accounts allocated to such Project Account pursuant to Section 3.02(b)(ii) hereof, to the extent the earnings so allocated exceed the Allocated Investment Earnings for such Project Account; (iii) any moneys transferred to the State Expense Fund from the Costs of Issuance Account of the Capital Construction Fund pursuant to Section 3.02(c) hereof; (iv) any moneys transferred to the State Expense Fund from a Project Account pursuant to Section 3.02(d)(ii) hereof; and (v) all other moneys received by the Trustee that are accompanied by instructions from the State to deposit the same into the State Expense Fund.

(c) ***Use of Moneys in State Expense Fund***.

(i) Moneys held in the State Expense Fund that are not Available Project Proceeds of Qualified School Construction Certificates (which includes earnings from the investment of Available Project Proceeds of Qualified School Construction Certificates) shall be applied by the Trustee as directed in writing by the State to: (A) reimburse or compensate the State for costs and expenses incurred by the State in connection with the Leased Property, the Projects, the Certificates, the Leases, the Indenture, the Site Leases, the Subleases, the Matching Money Bonds or any matter related thereto, including, but not limited to, a reasonable charge for the time of State employees and allocable overhead; (B) pay Base Rent to the Trustee or Additional Rent to the appropriate recipient; (C) make a deposit to the Certificate Fund, the Capital Construction Fund, the Rebate Fund or any account or subaccount of any such fund; and (D) pay the

Costs of any Project or the costs of any capital construction project as defined in the Act.

(ii) Moneys held in the State Expense Fund that are Available Project Proceeds of any Series of Qualified School Construction Certificates (which includes earnings from the investment of Available Project Proceeds of Qualified School Construction Certificates) shall be applied as directed in writing by the State, subject to the terms of the tax compliance or similar certificate executed by the State in connection with the execution and delivery of such Series of Qualified School Construction Certificates, to pay the Costs of any Project or the costs of a capital construction project as defined in the Act.

(iii) Notwithstanding the foregoing, (A) the Trustee shall separately account for Available Project Proceeds of each Series of Qualified School Construction Certificates (including earnings from the investment of Available Project Proceeds of each Series of Qualified School Construction Certificates); (B) Available Project Proceeds of any Series of Qualified School Construction Certificates held in the State Expense Fund that have not been expended as of the last day of the Available Project Proceeds Expenditure Period for such Series of Qualified School Construction Certificates shall be used to pay the redemption price of Qualified School Construction Certificates of such Series in connection with an Unexpended Proceeds Redemption of such Series of Qualified School Construction Certificates; and (C) all moneys in the State Expense Fund shall (I) be used in accordance with Section 7.15 hereof following an Event of Default or Event of Nonappropriation and (II) be available to the extent moneys in the Purchase Option Account are not sufficient to pay the redemption price of all the Certificates following the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases.

Section 3.04. Rebate Fund.

(a) ***Creation of Rebate Fund***. A special fund is hereby created and established with the Trustee to be designated the State of Colorado Building Excellent Schools Today Capital Construction Fund Rebate Fund (the "Rebate Fund"). The Trustee shall create separate accounts within the Rebate Fund for each Series of Certificates (except that more than one Series may be combined for this purpose on the advice of Bond Counsel).

(b) ***Deposits into Rebate Fund***. There shall be deposited into the appropriate account of the Rebate Fund (i) any moneys transferred to the Rebate Fund from the State Expense Fund pursuant to Section 3.03(c) hereof; (ii) all amounts paid by the State pursuant to subsection (e) of this Section; and (iii) all other moneys received by the Trustee that are accompanied by instructions to deposit the same into the Rebate Fund.

(c) ***Use of Moneys in Rebate Fund***. Not later than 60 days after the date designated in the tax compliance certificate or similar certificate executed and delivered by the State in connection with the execution and delivery of a Series of Certificates and every five years thereafter, the Trustee shall, at the direction of the State, pay to the United States of America 90% of the amount required to be on deposit in the account of the Rebate Fund established for such Series of Certificates as of such payment date. No later than 60 days after the final retirement of each Series of Certificates, the Trustee shall, at the direction of the State, pay to the United States of America 100% of the amount required to be on deposit in the account of the Rebate Fund established for such Series of Certificates, which account shall remain in effect for such period of time as is necessary for such final payment to be made. Each payment required to be paid to the United States of America pursuant to this Section shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201. Each payment shall be accompanied by a copy of the Internal Revenue Form 8038-T executed by the State and a statement prepared by the State or its agent summarizing the determination of the amount to be paid to the United States of America. The Trustee acknowledges that the State has reserved the right, in all events, to pursue such remedies and procedures as are available to it in order to assert any claim of overpayment of any rebated amounts.

(d) ***Administration of Rebate Fund***. The State, in the Leases, has agreed to make or cause to be made all rebate calculations required to provide the information required to transfer moneys to the Rebate Fund pursuant to subsection (b) of this Section. The Trustee shall make deposits to and disbursements from accounts of the Rebate Fund in accordance with the written directions of the State given pursuant to the tax compliance certificates or similar certificates (including any investment instructions attached thereto) executed and delivered by the State in connection with the execution and delivery of the each Series of Certificates. The Trustee shall, at the written direction of the State, invest moneys in each account of the Rebate Fund pursuant to the investment instructions attached to such tax compliance certificates and shall deposit income from said investments immediately upon receipt thereof in such account of the Rebate Fund, all as set forth in such certificates. The Trustee shall conclusively be deemed to have complied with such tax compliance certificates if it follows the written directions of the State, including supplying all necessary information requested by the State in the manner set forth in the tax compliance certificates, and shall not be required to take any actions thereunder in the absence of written directions from the State. Such investment instructions may be superseded or amended by new instructions drafted by, and accompanied by an opinion of, Bond Counsel addressed to the Trustee to the effect that the use of such new instructions will not cause an Adverse Tax Event. The State may employ, at its expense, a designated agent to calculate the amount of deposits to and disbursements from the Rebate Fund. If a withdrawal from the Rebate Fund is permitted as a result of the computation described in the investment instructions, the amount withdrawn shall be deposited in the Interest Account of the Certificate Fund.

(e) ***Payments by State***. The State has agreed in the Leases, subject to the terms of the Leases, that, if, for any reason, the amount on deposit in the Rebate Fund is less than the amount required to be paid to the United States of America on any date, the State will pay to the Trustee as Additional Rent under the Leases the amount required to make such payment on such date.

Section 3.05. Nonpresentment of Certificates. In the event any Certificate shall not be presented for payment when due, if funds sufficient to pay such Certificate shall have been made available to the Trustee for the benefit of the Owner thereof, it shall be the duty of the Trustee to hold such funds without liability for interest thereon, for the benefit of the Owner of such Certificate, who shall be restricted exclusively to such funds for any claim of whatever nature on his part under the Indenture or on or with respect to such Certificate. Except as otherwise required by State escheat laws, funds so held but unclaimed by an Owner shall be transferred to the Principal Account of the Certificate Fund and shall be applied to the payment of the principal of other Certificates after the expiration of five years or, upon receipt by the Trustee of an opinion of Bond Counsel that such funds may be made available for such use on such earlier date, on any earlier date designated by the Trustee.

Section 3.06. Moneys to be Held in Trust. The Certificate Fund, the Capital Construction Fund, the State Expense Fund and, except for the Rebate Fund and any defeasance escrow account established pursuant to Section 9.01 hereof and the accounts and subaccounts thereof, any other fund or account created hereunder shall be held by the Trustee, for the benefit of the Owners as specified in the Indenture, subject to the terms of the Indenture and the Leases. The Rebate Fund and the accounts thereof shall be held by the Trustee for the purpose of making payments to the United States of America pursuant to Section 3.04(c) hereof. Any escrow account established pursuant to Section 9.01 hereof shall be held for the benefit of the Owners of the Certificates to be paid therefrom as provided in the applicable escrow agreement.

Section 3.07. Repayment to the State from Trustee. After payment in full of the principal of, premium, if any, and interest on the Certificates, all rebate payments due to the United States of America, the fees and expenses of the Trustee and all other amounts required to be paid hereunder, any remaining amounts held by the Trustee hereunder shall be paid to the State.

ARTICLE IV

REDEMPTION OF CERTIFICATES

Section 4.01. Redemption Provisions Set Forth in Supplemental Indentures. The terms on which each Series of Certificates are subject to redemption shall be as set forth in the Supplemental Indenture authorizing the execution and delivery of such Series of Certificates.

Section 4.02. Notice of Redemption.

(a) Notice of the call for any redemption, identifying the Certificates or portions thereof to be redeemed and specifying the terms of such redemption, shall be given by the Trustee by mailing a copy of the redemption notice by United States first-class mail, at least 30 days prior to the date fixed for redemption, and to the Owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings of any Certificates as to which no such failure has occurred.

(b) Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice.

(c) If at the time of mailing of notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the Certificates called for redemption, which moneys are or will be available for redemption of Certificates, such notice will state that it is conditional upon the deposit of the redemption moneys with the Trustee not later than the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

Section 4.03. Redemption Payments.

(a) On or prior to the date fixed for redemption, the Trustee shall apply funds to the payment of the Certificates called for redemption, together with accrued interest thereon to the redemption date, and any required premium. Upon the giving of notice and the deposit of such funds as may be available for redemption pursuant to this Indenture (which, in the case of certain redemptions, may be less than the full principal amount of the Outstanding Certificates and accrued interest thereon to the redemption date), interest on the Certificates or portions thereof thus called for redemption shall no longer accrue after the date fixed for redemption.

(b) The Trustee shall pay to the Owners of Certificates so redeemed, the amounts due on their respective Certificates, at the Operations Center of the Trustee upon presentation and surrender of the Certificates.

Section 4.04. Cancellation. All Certificates which have been redeemed shall not be reissued but shall be canceled by the Trustee in accordance with Section 2.07 hereof.

Section 4.05. Delivery of New Certificates Upon Partial Redemption of Certificates. Upon surrender and cancellation of a Certificate for redemption in part only, a new Certificate or Certificates of the same Series and maturity and of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion thereof, shall be executed on behalf of and delivered by the Trustee.

ARTICLE V

INVESTMENTS

Section 5.01. Investment of Moneys.

(a) All moneys held as part of any fund, account or subaccount created hereunder shall, subject to Sections 5.02 and 6.04 hereof, be invested and reinvested by the Trustee, at the written direction of the State, in Permitted Investments. The Trustee may conclusively presume that any investment so directed by the State is a Permitted Investment. Any and all such investments shall be held by or under the control of the Trustee. The Trustee may invest in Permitted Investments through its own investment department, through the investment department of any Trust Bank or trust company under common control with the Trustee or through the State Treasurer. The Trustee may sell or present for redemption any investments so purchased whenever it shall be necessary in order to provide moneys to meet any payment hereunder, and the Trustee shall not be liable or responsible for any loss, fee, tax or other charge resulting from any investment, reinvestment or liquidation hereunder.

(b) Except as otherwise provided below or by Article III hereof, investments shall at all times be a part of the fund, account or subaccount from which the moneys used to acquire such investments shall have come, and all earnings on such investments shall be credited to, and losses thereon shall be charged against, such fund, account or subaccount. Notwithstanding the preceding sentence:

(i) Earnings from investments of moneys held in the Project Accounts shall be deposited as provided in Section 3.02(b)(ii) hereof.

(ii) Earnings from investments of moneys held in the Rebate Fund shall be deposited as provided in Section 3.04 hereof.

(iii) Earnings from investments of moneys held in any defeasance escrow account established pursuant to Section 9.01 hereof shall be deposited as provided in the defeasance escrow agreement governing such defeasance escrow account.

(c) The Trustee shall sell and reduce to cash a sufficient amount of such investments in the respective funds, accounts and subaccounts whenever the cash balance in any Project Account is insufficient to pay a requisition when presented, whenever the cash balance in the Principal Account or Interest Account of the Certificate Fund is insufficient to pay the principal of or interest on the Certificates when due, or whenever the cash balance in any fund, account or subaccount is insufficient to satisfy the purposes of such fund, account or subaccount. In computing the amount in any fund, account or subaccount for any purpose hereunder, investments shall be valued at their Fair Market Value.

Section 5.02. Tax Certification. The Trustee certifies and covenants to and for the benefit of the Owners that so long as any of the Certificates remain Outstanding, moneys in any fund or account held by the Trustee under this Indenture, whether or not such moneys were derived from the proceeds of the sale of the Certificates or from any other source, will not be deposited or invested in a manner which will be a violation of Section 6.04 hereof.

ARTICLE VI

CONCERNING THE TRUSTEE

Section 6.01. Certifications, Representations and Agreements. The Trustee certifies, represents and agrees that:

(a) The Trustee (i) is a commercial bank and a national banking association that is duly organized, validly existing and in good standing under the laws of the United States, (ii) is duly qualified to do business in the State, (iii) is authorized, under its articles of association and bylaws and applicable law, to act as trustee under the Indenture, to own and hold, in trust and as Trustee, the Leased Property leased to the Trustee pursuant to the Site Leases, to lease the Leased Property to the State pursuant to the Leases and to execute, deliver and perform its obligations under the Lease, the Indenture and the Site Leases.

(b) The execution, delivery and performance of the Leases, the Indenture and the Site Leases and the ownership of the Leased Property by the Trustee have been duly authorized by the Trustee.

(c) The Leases, the Indenture and the Site Leases have been duly executed and delivered by the Trustee and are valid and binding obligations enforceable against the Trustee in accordance with their respective terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(d) The execution, delivery and performance of the Leases, the Indenture the Site Leases and the ownership of the Leased Property by the Trustee does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Trustee is now a party or by which the Trustee is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the Trustee, or, except as specifically provided in the Leases, the Indenture, the Subleases or the Site Leases, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the Trustee.

(e) There is no litigation or proceeding pending or threatened against the Trustee affecting the right of the Trustee to execute, deliver or perform its obligations under the Leases, the Indenture, the Subleases or the Site Leases or to own the Leased Property.

(f) The Trustee acknowledges and recognizes that the Leases will be terminated upon the occurrence of an Event of Nonappropriation, and that a failure by the Colorado General Assembly to appropriate funds in a manner that results in an Event of Nonappropriation is solely within the discretion of the Colorado General Assembly.

Section 6.02. Duties of the Trustee. The Trustee hereby accepts the trusts imposed upon it by the Indenture and agrees to perform said trusts, but only upon and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, prior to the occurrence of an Event of Default or Event of Nonappropriation and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically assigned to it in the Leases and the Indenture. In case an Event of Default or Event of Nonappropriation has occurred (which has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by the Leases and the Indenture, and use the degree of care as a reasonable and prudent person would exercise under the circumstances in the conduct of the affairs of another. Notwithstanding the foregoing, the Trustee shall in all events be liable for damages and injury resulting from its negligence or willful misconduct.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same retained in accordance with the standard of care set forth in subsection (a) of this Section, and shall be entitled to act upon an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance upon such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital herein, in this Master Indenture or any Certificate, Supplemental Indenture, Lease, Sublease, Matching Money Bond or any offering document or other document related thereto, for collecting any insurance moneys, for the sufficiency of the security for the Certificates executed and delivered hereunder or intended to be secured hereby, or for the value of or title to the Leased Property. The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates, except for information about the Trustee furnished by the Trustee, if any.

(d) The Trustee shall not be accountable for the use of any Certificates delivered to the Initial Purchaser thereof. The Trustee may become the Owner of Certificates with the same rights which it would have if not Trustee.

(e) The Trustee shall be protected in acting, without inquiry, upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate shall be conclusive and binding upon any Certificates executed and delivered in place thereof.

(f) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for actions that are in accordance with the standard of care set forth in subsection (a) of this Section.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default or Event of Nonappropriation under a Lease, except failure by the State to cause to be made any of the payments to the Trustee required to be made under such Lease, unless (i) an officer in the Trustee's Denver, Colorado corporate trust department has actual knowledge thereof or (ii) the Trustee has been notified in writing thereof by the State or by the Owners of at least 10% in aggregate principal amount of Certificates then Outstanding.

(h) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by the Indenture or law.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) Notwithstanding anything in the Indenture to the contrary, the Trustee shall have the right, but shall not be required, to demand in respect of the delivery of any Certificates, the withdrawal of any cash, or any action whatsoever within the purview of the Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a condition of such action by the Trustee.

(k) Notwithstanding any other provision hereof, the Trustee shall not be required to advance any of its own funds in the performance of its obligations hereunder unless it has received assurances from the Owners of the Certificates or indemnity from the Owners of the Certificates satisfactory to it that it will be repaid.

(l) Notwithstanding any other provision hereof, the Trustee shall not be directly or indirectly obligated, in its individual capacity, to make any payment of principal, interest or premium in respect to the Certificates.

(m) Records of the deposits to, withdrawals from and investment earnings on moneys in the funds and accounts held by the Trustee hereunder shall be retained by the Trustee until six years after the later of the final payment of the related Series of Certificates.

(n) The Trustee shall deliver written reports to the State within 15 days after the end of each calendar month that include at least the following information: (i) the balance in each fund, account and subaccount created hereunder as of the first day and the last day of such calendar month; (ii) all moneys received by the Trustee during such calendar month, broken down by source, including but not limited to Base Rent, Federal Direct Payments and earnings from the investment moneys held as part of any fund, account or subaccount created hereunder, and by the fund, account or subaccount into which such moneys are deposited; (iii) all disbursements from each fund, account and subaccount created hereunder during such calendar month; and (iv) all transfers to and from each fund, account and subaccount created hereunder during such calendar month.

(o) The Trustee shall notify the State within 10 days after any claim by any Owner or any other Person that any certification, representation or agreement of the Trustee set forth in Section 6.01 hereof is not accurate or complete or that the Trustee has failed to perform any of its duties or obligations under or has failed to comply with any provision of the Indenture, any Lease or any Site Lease.

(p) The Trustee shall provide to any Sublessee at its request an accounting of all receipts and disbursements from such Sublessee's Project Account.

Section 6.03. Maintenance of Existence; Performance of Obligations.

(a) The Trustee shall at all times maintain its existence and will use its best efforts to maintain, preserve and renew all the rights and powers provided to it under its articles of association and bylaws, action of its board of directors and applicable law; provided, however, that this covenant shall not prevent the assumption, by operation of law or otherwise, by any Person of the rights and obligations of the Trustee under the Indenture, but only if and to the extent such assumption does not materially impair the rights of the Owners of any Outstanding Certificates or the State.

(b) The Trustee shall do and perform or cause to be done and performed all acts and things required to be done or performed in its capacity as Trustee under the provisions of the Indenture, the Leases or the Site Leases and any other instrument or other arrangement to which it is a party.

Section 6.04. Tax Covenant. The Trustee shall not take any action or omit to take any action with respect to the Certificates, the proceeds of the Certificates, the Trust Estate or any other funds or property that would result in an Adverse Tax Event or Adverse Federal Direct Payment Event. In furtherance of this covenant, the Trustee agrees, at the written direction of the State, to comply with the procedures set forth in the tax compliance certificate or similar certificate delivered by the State in connection with the execution and delivery of each Series of Certificates. The covenants set forth in this Section shall remain in full force and effect notwithstanding the payment in full or defeasance of the Certificates until the date on which all obligations of the Trustee in fulfilling such covenants have been met.

Section 6.05. Sale or Encumbrance of Leased Property. As long as there are any Outstanding Certificates, and as except otherwise permitted by the Indenture and except as the Leases otherwise specifically require, the Trustee shall not sell or otherwise dispose of any of the Leased Property unless it determines that such sale or other disposal will not materially adversely affect the rights of the Owners.

Section 6.06. Rights of Trustee under Leases and Site Leases. The Trustee hereby covenants for the benefit of the Owners that the Trustee will observe and comply with its obligations under the Leases and the Site Leases. Wherever in any Lease or Site Lease it is stated that the Trustee shall be notified or wherever any Lease or Site Lease gives the Trustee some right or privilege, such part of such Lease or Site Lease shall be as if it were set forth in full in this Master Indenture.

Section 6.07. Defense of Trust Estate. The Trustee shall at all times, to the extent permitted by law, defend, preserve and protect its interest in the Leased Property and the other property or property rights included in the Trust Estate and all the rights of the Owners under this Indenture against all claims and demands of all Persons whomsoever.

Section 6.08. Compensation of Trustee. During the Lease Term for each Lease, the Trustee shall be entitled to compensation in the form of Additional Rent in accordance with such Lease. In no event shall the Trustee be obligated to advance its own funds in order to take any action in its capacity as Trustee hereunder.

Section 6.09. Resignation or Replacement of Trustee.

(a) The present or any future Trustee may resign by giving written notice to the Owners of a majority in principal amount of the Certificates and the State not less than 60 days before such resignation is to take effect. Such resignation shall take effect only upon the appointment of a successor qualified as provided in subsection (d) of this Section; provided, however, that if no successor is appointed within 90 days following the date designated in the notice for the Trustee's resignation to take effect, the resigning Trustee may petition a court of competent jurisdiction for the appointment of a successor.

(b) The present or any future Trustee may be removed at any time (i) by the State, for any reason upon delivery to the Trustee of an instrument signed by the State Representative seeking such removal, provided that the State shall not be entitled to remove the Trustee pursuant to this clause if an Event of Default has occurred and is continuing or if any Event of Nonappropriation has occurred; (ii) if an Event of Default has occurred and is continuing or if an Event of Nonappropriation has occurred, by the Owners of a majority in principal amount of the Certificates Outstanding upon delivery to the Trustee of an instrument or concurrent instruments signed by such Owners or their attorneys in fact duly appointed; or (iii) by any Owner, upon delivery to the Trustee of an instrument signed by such Owner or his or her attorney in fact duly appointed following a determination by a court of competent jurisdiction that the Trustee is not duly performing its obligations hereunder or that such removal is in the best interests of the Owners.

(c) In case the present or any future Trustee shall at any time resign or be removed or otherwise become incapable of acting, a successor may be appointed by the State. The State, upon making such appointment, shall forthwith give notice thereof to each Owner, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. The Owners of a majority in principal amount of the Certificates Outstanding may thereupon act to appoint a successor trustee to such successor appointed by the State, by an instrument or concurrent instruments signed by such Owners, or their attorneys in fact duly appointed. Any successor so appointed by the State shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Owners of a majority in principal amount of the Certificates Outstanding.

(d) Every successor shall be a commercial bank with trust powers in good standing, located in or incorporated under the laws of the State, duly authorized to exercise trust powers and subject to examination by federal or state authority, qualified to act hereunder, having a capital and surplus of not less than $50,000,000. Any successor trustee shall execute, acknowledge and deliver to the present or then trustee an instrument accepting appointment as successor trustee hereunder, lessor under the Leases and lessee under the Site Leases, and thereupon such successor shall, without any further act, deed or conveyance, (i) become vested with all the previous rights, title and interest in and to, and shall become responsible for the previous obligations with respect to, the Leased Property and the Trust Estate and (ii) become vested with the previous rights, title and interest in, to and under, and shall become responsible for the trustee's obligations under the Indenture, the Leases and the Site Leases, with like effect as if originally named as Trustee herein and therein. The previous trustee shall execute and deliver to the successor trustee (A) such transfer documents as are necessary to transfer the Trustee's interest in the Leased Property to the successor trustee, (B) an instrument in which the previous trustee resigns as trustee hereunder, as lessor under the Leases and as lessee under the Site Leases and (C) at the request of the successor trustee, one or more instruments conveying and transferring to such successor, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the previous trustee in the Leased Property, the Trust Estate, the Indenture, the Leases and the Site Leases in a manner sufficient, in the reasonable judgment of the successor trustee, to duly assign, transfer and deliver to the successor all properties and moneys held by the previous trustee in accordance with the laws of the State. Should any other instrument in writing from the previous trustee be required by any successor for more fully and certainly vesting in and confirming to it the rights, title and interest to be transferred pursuant to this Section, the previous trustee shall, at the reasonable discretion and at the request of the successor trustee, make, execute, acknowledge and deliver the same to or at the direction of the successor trustee.

(e) The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section shall be filed and/or recorded by the successor trustee in each recording office, if any, where the Indenture, the Lease and/or the Site Leases shall have been filed and/or recorded.

Section 6.10. Conversion, Consolidation or Merger of Trustee. Any commercial bank with trust powers into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business as a whole or substantially as a whole shall be the successor of the Trustee under the Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto or thereto, anything herein or therein to the contrary notwithstanding. In case any of the Certificates shall have been executed, but not delivered, any successor Trustee may adopt the signature of any predecessor Trustee, and deliver the same as executed; and, in case any of such Certificates shall not have been executed, any successor Trustee may execute such Certificates in the name of such successor Trustee.

Section 6.11. Intervention by Trustee. In any judicial proceeding to which the State is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of the Owners, the Trustee may intervene on behalf of Owners and shall do so if requested in writing by the Owners of at least 10% in principal amount of Certificates Outstanding and provided indemnification in accordance with Section 6.02(k) hereof.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Remedies of Trustee Upon the Occurrence of an Event of Default or Event of Nonappropriation. Upon the occurrence of an Event of Default or Event of Nonappropriation under any Lease, subject to the terms of the Subleases granting each Sublessee the option to purchase the Leased Property subject to its Sublease:

(a) the Trustee shall use moneys in the Certificate Fund, the Capital Construction Fund and the State Expense Fund (but not the Rebate Fund and any defeasance escrow account) in accordance with Section 7.15(b) hereof;

(b) the Trustee may, and at the request of the Owners of a majority in principal amount of the Certificates then Outstanding shall, without any further demand or notice, exercise any of the remedies available to it under the Leases (provided that the Trustee may require, as a condition to taking any action, assurances from the Owners of the Certificates limiting its liability, or an agreement with the Owners of the Certificates indemnifying it for liability, resulting from such action in a form reasonably satisfactory to it and customarily required by trustees of Colorado municipal bond issues enforcing remedies following a similar event under a similar instrument; and

(c) the Trustee may take any other action at law or in equity that may appear necessary or desirable to enforce the rights of the Owners.

Section 7.02. Remedies of Trustee Upon Material Breach by Sublessee of Site Lease. Upon a material breach by the Site Lessor of a Site Lease, the Trustee may, and at the request of the Owners of a majority in principal amount of the Certificates then Outstanding shall, without further demand or notice, take any action at law or in equity that may appear necessary or desirable to enforce the rights of the Trustee and the Owners (provided that the Trustee may require, as a condition to taking any action, assurances from the Owners of the Certificates limiting its liability, or an agreement with the Owners of the Certificates indemnifying it for liability, resulting from such action in a form reasonably satisfactory to it and customarily required by trustees of Colorado municipal bond issues enforcing remedies following a breach of a similar instrument).

Section 7.03. Failure to Perform by Trustee. Any of the following shall constitute a Failure to Perform:

(a) default in the payment of the principal of, premium, if any, and interest on any Certificate when due to the extent such failure is not directly caused by an Event of Default or an Event of Nonappropriation;

(b) failure of the Trustee to enforce and diligently pursue any remedy available under Section 7.01 or 7.02 hereof; and

(c) failure by the Trustee to comply with any other provision of the Indenture within 30 days after receiving notice of noncompliance (subject to any right to indemnification applicable to the Trustee's compliance with such provision of the Indenture).

Section 7.04. Remedies of Owners Upon a Failure to Perform. Subject to the other provisions of this Article, upon the occurrence of any Failure to Perform, the Owner of any Certificate may:

(a) commence proceedings in any court of competent jurisdiction to enforce the provisions of this Indenture against the Trustee;

(b) subject to Section 6.09 hereof, cause the Trustee to be removed and replaced by a successor trustee; and

(c) subject to Section 7.05 hereof, take any other action at law or in equity that may appear necessary or desirable to enforce the rights of such Owner.

Section 7.05. Limitations Upon Rights and Remedies of Owners. No Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Leases or the Site Leases unless (a) an Event of Default or Event of Nonappropriation or a breach by the Sublessee of a Site Lease has occurred of which the Trustee has been notified as provided in Section 6.02(g) hereof, or of which by Section 6.02(g) hereof it is deemed to have notice, (b) the Owners of not less than a majority in principal amount of Certificates then Outstanding shall have made written request to the Trustee to institute such suit, action or proceeding and shall have offered Trustee assurances from the Owners of the Certificates limiting its liability, or an agreement with the Owners of the Certificates indemnifying it for liability, resulting from such suit, action or proceeding in a form reasonably satisfactory to the Trustee and customarily required by trustees of Colorado municipal bond issues enforcing remedies under similar instruments; and (c) the Trustee has not, after reasonable opportunity, instituted such action, suit or proceedings in its own name.

Section 7.06. Majority of Owners May Control Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in principal amount of the Certificates then Outstanding shall have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the Trustee to act or refrain from acting or to direct the manner or timing of any action by the Trustee under the Indenture or any Lease or Site Lease or to control any proceeding relating to the Indenture or any Lease or Site Lease; provided that such direction shall not be otherwise than in accordance with the provisions hereof.

Section 7.07. Trustee to File Proofs of Claim in Receivership, Etc. In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceedings affecting the State or the Leased Property, the Trustee shall, to the extent permitted by law, be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have claims of the Trustee and of the Owners allowed in such proceedings for the entire amount due and payable on the Certificates under this Indenture, at the date of the institution of such proceedings and for any additional amounts which may become due and payable by it after such date, without prejudice, however, to the right of any Owner to file a claim in its own behalf.

Section 7.08. Trustee May Enforce Remedies Without Certificates. The Trustee may enforce its rights and remedies under the Leases, the Site Leases and the Indenture without the possession of any of the Certificates or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Certificates, and any recovery of judgment shall be for the ratable benefit of the Owners, subject to the provisions hereof.

Section 7.09. No Remedy Exclusive. No right or remedy available under this Article or otherwise is intended to be exclusive of any other right or remedy, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 7.10. Waivers. The Trustee may in its discretion waive any Event of Default, Event of Nonappropriation or breach by a Sublessee of a Site Lease and its consequences, and, notwithstanding anything else to the contrary contained in this Indenture, shall do so upon the written request of the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding; provided, however, that an Event of Nonappropriation shall not be waived without the consent of the Owners of 100% of the Certificates then Outstanding as to which the Event of Nonappropriation exists, unless prior to such waiver or rescission, all arrears of interest and all arrears of payments of principal and premium, if any, then due, as the case may be (including interest on all overdue installments at the highest rate due on the Certificates), and all expenses of the Trustee in connection with such Event of Nonappropriation shall have been paid or provided for. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such Event of Default, Event of Nonappropriation or breach by a Sublessee of a Site Lease shall have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Trustee, the Owners and the State shall be restored to their former positions and rights hereunder respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, Event of Nonappropriation or breach by a Sublessee of a Site Lease or impair any right consequent thereon.

Section 7.11. Delay or Omission No Waiver. No delay or omission of the Trustee or of any Owner to exercise any right or power accruing upon any Event of Default, Event of Nonappropriation, breach by a Sublessee of a Site Lease or Failure to Perform shall exhaust or impair any such right or power or shall be construed to be a waiver of any such Event of Default, Event of Nonappropriation, breach by a Sublessee of a Site Lease or Failure to Perform, or acquiescence therein; and every power and remedy given by the Indenture may be exercised from time to time and as often as may be deemed expedient.

Section 7.12. No Waiver of Default or Breach to Affect Another. No waiver of any Event of Default, Event of Nonappropriation, breach by a Sublessee of a Site Lease or Failure to

Perform by the Trustee shall extend to or affect any subsequent or any other then existing Event of Default, Event of Nonappropriation, breach by a Sublessee of a Site Lease or Failure to Perform or shall impair any rights or remedies consequent thereon.

Section 7.13. Position of Parties Restored Upon Discontinuance of Proceedings. In case the Trustee or the Owners shall have proceeded to enforce any right under the Leases, the Site Leases or the Indenture and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Person or Persons enforcing the same, then and in every such case the State, the Trustee and the Owners shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee and the Owners shall continue as if no such proceedings had been taken.

Section 7.14. Purchase of Leased Property by Owner; Application of Certificates Toward Purchase Price. Upon the occurrence of an Event of Default or Event of Nonappropriation and the sale or lease of the Leased Property by the Trustee pursuant to a Lease (but subject to the Sublessees' purchase options set forth in the Subleases), any Owner may bid for and purchase or lease the Leased Property; and, upon compliance with the terms of sale or lease, may hold, retain and possess and dispose of such property in his, her, its or their own absolute right without further accountability; and any purchaser or lessee at any such sale may, if permitted by law, after allowing for payment of the costs and expenses of the sale, compensation and other charges, in paying purchase or rent money, turn in Certificates then Outstanding in lieu of cash. Upon the happening of any such sale or lease, the Trustee may take any further lawful action with respect to the Leased Property which it shall deem to be in the best interest of the Owners, including but not limited to the enforcement of all rights and remedies set forth in the Lease and this Indenture and the taking of all other courses of action permitted herein or therein.

Section 7.15. Use of Moneys Received from Exercise of Remedies.

(a) Moneys received from the exercise of remedies pursuant to this Article shall be used as follows:

(i) Moneys in the Certificate Fund shall be used, first, to make payments to the Owners of the Certificates pursuant to subsection (b) of this Section.

(ii) Moneys in each Project Account shall be used, first, to pay Costs of the Project payable from such Project Account if and to the extent the Trustee determines that it is in the best interests of the Owners to do so.

(iii) Moneys in the State Expense Fund shall be used, first, to pay costs and expenses described in Section 3.03(c)(i)(A) hereof.

(iv) Moneys in the Certificate Fund, the Project Accounts and the State Expense Fund that are not used pursuant to paragraphs (i), (ii) or (ii) above, moneys in the Costs of Issuance Account of the Capital Construction Fund and all other moneys received from the exercise of remedies pursuant to this Article shall be used in the following order of priority:

(A) *First*, to pay Additional Rent due to third parties other than the Trustee and the State;

(B) *Second*, to pay the fees and expenses of the Trustee determined in accordance with Section 9.05 of the 2009A Lease and similar provisions of other Leases;

(C) *Third*, to make payments to the Owners in accordance with subsection (b) of this Section; and

(D) *Fourth*, the remainder shall be paid to the State.

(b) Moneys that are available to make payments to the Owners pursuant to subsection (a) of this Section shall be used as follows:

(i) Moneys in each Sinking Fund Account shall be used to pay the unpaid principal of Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account. If the amount in a Sinking Fund Account is not sufficient to pay all principal due on the School Construction Certificates with the same Series designation as such Sinking Fund Account, the amount available shall be used to pay unpaid principal of the Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account in the order in which such principal was originally due, with unpaid principal due on the earliest principal payment dates paid first. If the amount available in a Sinking Fund Account is not sufficient to pay all unpaid principal due on the Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account on a particular principal payment date, the amount available shall be used to pay principal of the Owners of the Qualified School Construction Certificates with the same Series designation as such Sinking Fund Account in proportion to the amount of unpaid principal due to such Owners on such principal payment date. For purposes of this paragraph, the principal component of the redemption price of Qualified School Construction Certificates subject to mandatory sinking fund redemption shall be treated as principal.

(ii) All other moneys available to make payments to the Owners shall be applied in the following order of priority:

(A) *First*, to pay the unpaid interest, plus interest on past due interest, on the Certificates. If the amount available is not sufficient to pay all such interest, the amount available shall be used to pay interest (including interest on past due interest) in the order in which the interest was originally due, with interest payable on the earliest Interest Payment Dates (plus interest on such interest) paid first. If the amount available is not sufficient to pay all such interest with respect to a particular Interest Payment Date, the amount available shall be used to pay interest (including interest on past due interest) to the Owners in proportion to the amount that would have been paid to them if the amount available had been sufficient.

(B) *Second*, to pay the unpaid principal of the Certificates. If the amount available is not sufficient to pay all such principal, the amount available shall be used to pay unpaid principal in the order in which it was originally due, with principal due on the earliest principal payment dates paid first. If the amount available is not sufficient to pay all unpaid principal due on a particular principal payment date, the amount available shall be used to pay unpaid principal to the Owners in proportion to the amount of principal that would have been paid to them if the amount available had been sufficient. For purposes of this paragraph, the principal component of the redemption price of Certificates subject to mandatory sinking fund redemption shall be treated as principal.

(C) *Third*, to pay an amount equal to the premium, if any, that would have been paid to Owners as a result of the exercise by the State of its options under the Leases to purchase all the Leased Property subject to all Leases if their Certificates had been redeemed prior to maturity on the date on which payments are made pursuant to this subsection. If the amount available is not sufficient to pay all such amounts, the amount available shall be paid to the Owners to which a premium would have been paid in proportion to the amount of premium that would have been paid to them if the amount available had been sufficient.

ARTICLE VIII

SUPPLEMENTAL INDENTURES

Section 8.01. Supplemental Indentures Not Requiring Consent of Owners. The Trustee may, with the written consent of the State but without the consent of, or notice to, the Owners, execute and deliver a Supplemental Indenture for any one or more or all of the following purposes:

(a) to amend, modify or restate the Glossary attached hereto in any manner directed by the State in writing, provided that the State has certified in writing that, after such amendment, modification or restatement, the Glossary is accurate and that such amendment, modification or restatement does not materially modify the substantive provisions of the Indenture, the Leases or the Site Leases;

(b) to add to the covenants and agreements of the Trustee contained in the Indenture other covenants and agreements to be thereafter observed by the Trustee;

(c) to cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in the Indenture, or to make any provisions with respect to matters arising under the Indenture or for any other purpose if the State certifies in writing that such provisions are necessary or desirable;

(d) to add additional Leased Property, to release, substitute or modify Leased Property or to amend the description of Leased Property in accordance with the Leases;

(e) to subject to the Indenture additional revenues, properties or collateral;

(f) to set forth the terms and conditions and other matters in connection with the execution and delivery of any Series of Certificates or Principal Strips, Interest Strips or Tax Credit Strips pursuant to Article II hereof;

(g) to facilitate the Stripping of Certificates;

(h) to effect or facilitate any change to avoid an Adverse Tax Event or Adverse Federal Direct Payment Event, including, but not limited to, a change to conform to any guidance or regulations promulgated by the United States Internal Revenue Service or the United States Treasury Department that relate to the treatment for federal income tax purposes of any Outstanding or proposed Certificates;

(i) to effect any other change that, in the reasonable judgment of the State (which may be exercised in reliance upon certifications or advice provided by investment bankers or others with experience in the municipal bond industry), does not materially adversely affect the rights of the Owners; or

(j) to modify any Certificate to conform to any Supplemental Indenture or to any amendment to the Master Indenture, any Supplemental Indenture, any Lease or any Site Lease.

Section 8.02. Supplemental Indentures Requiring Consent of Owners.

(a) Exclusive of Supplemental Indentures under Section 8.01 hereof, the written consent of the State and the Owners of not less than a majority in aggregate principal amount of the Certificates Outstanding shall be required for the execution and delivery by the Trustee of any Supplemental Indenture; provided, however, that without the consent of the Owners of all the Certificates Outstanding nothing herein contained shall permit, or be construed as permitting:

> (i) a change in the terms of redemption or maturity of the principal amount of or the interest on any Outstanding Certificate, or a reduction in the principal amount of or premium payable upon any redemption of any Outstanding Certificate or the rate of interest thereon, without the consent of the Owner of such Certificate;
>
> (ii) the deprivation as to the Owner of any Certificate Outstanding of the lien created by the Indenture (other than as originally permitted hereby);
>
> (iii) a privilege or priority of any Certificate or Certificates over any other Certificate or Certificates, except as permitted herein; or

(iv) a reduction in the percentage of the aggregate principal amount of the Certificates required for consent to any Supplemental Indenture.

(b) If at any time the Trustee shall propose to execute and deliver any Supplemental Indenture for any of the purposes of this Section, the Trustee shall cause notice of the proposed execution and delivery of such Supplemental Indenture to be mailed to the Owners of the Certificates at the addresses last shown on the registration records of the Trustee. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Denver, Colorado corporate trust office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the Owners of not less than a majority, or, with respect to the matters specified in paragraphs (i) through (iv) of subsection (a) of this Section, 100%, in aggregate principal amount of the Certificates Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or to enjoin or restrain the Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Section 8.03. Execution of Supplemental Indenture. Any Supplemental Indenture executed and delivered in accordance with the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such Supplemental Indenture shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any Supplemental Indenture, express reference may be made thereto in the text of the Certificates executed and delivered thereafter, if any, if deemed necessary or desirable by the Trustee. As a condition to executing any Supplemental Indenture, the Trustee shall be entitled to receive and rely upon a written opinion of Bond Counsel to the effect that the execution thereof is authorized or permitted under this Indenture and the Act and will not cause an Adverse Tax Event.

Section 8.04. Amendments of Leases or Site Leases Not Requiring Consent of Owners. The Trustee shall, at the direction of the State without the consent of or notice to the Owners, amend, change or modify any Lease or Site Lease, as the State determines is required:

(a) by the provisions of the Leases, the Indenture or the Site Leases;

(b) for the purpose of curing any ambiguity or formal defect or omission in the Leases, the Indenture or the Site Leases;

(c) in order more precisely to identify the Leased Property; or

(d) to add additional Leased Property, to release, substitute or modify Leased Property or to amend the description of Leased Property in accordance with the Leases or the Site Leases;

(e) in connection with the execution and delivery of any Series of Certificates;

(f) in connection with the redemption of any Certificates;

(g) in connection with any Supplemental Indenture permitted by this Article;

(h) to effect any change in any Lease or Site Lease for any purpose for which a Supplemental Indenture may be executed and delivered pursuant to Section 8.01 hereof;

(i) to effect any change that (i) does not reduce the revenues available to the Trustee from the Leases below the amount required to make all the payments and transfers required by Article III hereof, (ii) does not reduce the Fair Market Value of the Leased Property and (iii) does not cause an Adverse Tax Event;

(j) to effect any change to any Project permitted by the Act;

(k) to effect any other change in any Lease or Site Lease that, in the reasonable judgment of the State (which may be exercised in reliance upon certifications or advice provided by investment bankers or others with experience in the municipal bond industry), does not materially adversely affect the rights of the Owners.

Section 8.05. Amendments of Leases or Site Leases Requiring Consent of Owners. Except for the amendments, changes or modifications permitted by Section 8.04 hereof, the Trustee shall not consent to any other amendment, change or modification of any Lease or Site Lease without notice to and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the Certificates Outstanding given and procured as provided in Section 8.02 hereof. If at any time the State shall request the consent of the Trustee to any such proposed amendment, change or modification of any Lease or Site Lease, the Trustee shall, upon receipt of amounts necessary to pay expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 8.02 hereof. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the office of the Trustee designated therein for inspection by all Owners.

Section 8.06. Execution of Amendment of Lease or Site Lease. As a condition to executing any amendment to any Lease or Site Lease, the Trustee shall be entitled to receive and rely upon a written opinion of Bond Counsel to the effect that the execution thereof is authorized or permitted under the Indenture and the Lease or Site Lease, as applicable, and will not cause an Adverse Tax Event.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Discharge of Indenture.

(a) If, when the Certificates secured hereby shall become due and payable in accordance with their terms or otherwise as provided in this Indenture, the whole amount of the principal of, premium, if any, and interest due and payable upon all of the Certificates shall be paid, or provision shall have been made for the payment of the same, together with all rebate payments due to the United States of America, the fees and expenses of the Trustee and all other amounts payable hereunder, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Trustee to the Owners shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall transfer and convey to (or to the order of) the State all property then held in trust by the Trustee pursuant to this Indenture, and the Trustee shall execute such documents as may be reasonably required by the State and shall turn over to (or to the order of) the State any surplus in any fund, account or subaccount created under this Indenture, except any escrow accounts theretofore established pursuant to this Section.

(b) All or any portion of the Outstanding Certificates shall prior to the maturity or redemption date thereof be deemed to have been paid ("defeased") within the meaning and with the effect expressed in subsection (a) of this Section if (i) in case such Certificates are to be redeemed on any date prior to their maturity, the Trustee shall have given notice of redemption of such Certificates on said redemption date, such notice to be given on a date and otherwise in accordance with the provisions of Article IV hereof, and (ii) there shall have been deposited in trust either moneys in an amount which shall be sufficient, or Defeasance Securities which shall not contain provisions permitting the redemption thereof at the option of the issuer of such Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held in trust at the same time, shall be sufficient to pay when due the principal of, premium, if any, and interest due and to become due on said Certificates on and prior to the redemption date or maturity date thereof, as the case may be. Neither the Defeasance Securities nor moneys deposited in trust pursuant to this Section or principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, premium, if any, and interest on said Certificates; provided any cash received from such principal or interest payments on such Defeasance Securities deposited in trust, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities of the type described in clause (ii) of this subsection maturing at the times and in amounts sufficient to pay when due the principal of, premium, if any, and interest to become due on said Certificates on or prior to such redemption date or maturity date thereof, as the case may be. At such time as any Certificates shall be deemed paid as aforesaid, such Certificates shall no longer be secured by or entitled to the benefits of this Indenture, except for the purpose of exchange and transfer and any payment from such moneys or Defeasance Securities deposited in trust.

(c) Prior to any discharge of this Indenture pursuant to this Section or the defeasance of any Certificates pursuant to this Section becoming effective, there shall have been delivered to the Trustee (i) a verification report from a certified public accountant verifying the deposit described in subsection (b)(ii) of this Section; and (ii) an opinion of Bond Counsel, addressed to the Trustee, to the effect that all requirements of the Indenture for such defeasance have been complied with and that such discharge or defeasance will not cause an Adverse Tax Event.

(d) In the event that there is a defeasance of only part of the Certificates of any maturity, the Trustee, at the expense of the State, may institute a system to preserve the identity of the individual Certificates or portions thereof so defeased, regardless of changes in Certificate numbers attributable to transfers and exchanges of Certificates.

Section 9.02. Further Assurances and Corrective Instruments. So long as the Indenture is in full force and effect, the Trustee shall have full power to carry out the acts and agreements provided to the Indenture and will from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements to the Indenture and such further instruments as may reasonably be requested by the State for correcting any inadequate or incorrect description of the Trust Estate, or for otherwise carrying out the intention of or facilitating the performance of the Indenture.

Section 9.03. Financial Obligations of Trustee Limited to Trust Estate. Notwithstanding any other provision hereof, all financial obligations of the Trustee under the Indenture, except those resulting from a violation of the standard of care set forth in Section 6.02(a) hereof.

Section 9.04. Evidence of Signature of Owners and Ownership of Certificates.

(a) Any request, consent or other instrument which the Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing, proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Certificates shall be sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(i) the fact and date of the execution by any Owner or his attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he purports to act that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public; and

(ii) the fact of the ownership by any person of Certificates and the amounts and numbers of such Certificates, and the date of the ownership of the same, may be proved by the registration records of the Trustee.

(b) Any request or consent of the Owner of any Certificate shall bind all transferees of such Certificate in respect of anything done or suffered to be done by the Trustee or the Trustee in accordance therewith.

Section 9.05. Parties Interested Herein. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person other than the Trustee, the Owners of the Certificates and the State, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation of the Indenture; and all the covenants, stipulations, promises and agreements in the Indenture contained by and on behalf of the Trustee shall be for the sole and exclusive benefit of the Owners, the State, the Trustee and their respective successors and assigns.

Section 9.06. Trustee Representative. Whenever under the provisions of the Indenture the approval of the Trustee is required or the Trustee is required to take some action at the request of the State or the Owners, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, and the State and the Owners shall be authorized to act on any such approval or request.

Section 9.07. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of the Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 9.08. Interpretation and Construction. This Master Indenture and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Master Indenture. For purposes of this Master Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Master Indenture to designated "Articles," "Sections," "subsections," "paragraphs," "clauses" and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Master Indenture. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Master Indenture as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time.

(d) The term "money" includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding."

Section 9.09. Manner of Giving Notices. All notices, certificates or other communications under the Indenture shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the State, to Colorado State Treasurer, 140 State Capitol, Denver, CO 80203, Attention: Deputy State Treasurer, facsimile number: 303-866-2123, electronic mail address: eric.rothaus@state.co.us, with a copy to Colorado State Controller, 633 Seventeenth Street, Suite 1500, Denver, Colorado 80203, Attention: David J. McDermott, facsimile number: 303-866-4233, electronic mail address:

david.mcdermott@state.co.us; if to the Trustee, to Zions First National Bank, 1001 Seventeenth Street, Suite 1050, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 720-947-7480, electronic mail address: corporatetrust@zionsbank.com; and if to any Sublessee, to the notice address set forth in such Sublessee's Sublease. Any notice party may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 9.10. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the Trustee, as the case may be, contained in the Indenture shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Trustee and not of any member, director, officer, employee, servant or other agent of the Trustee in his or her individual capacity. No recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the Trustee or any natural person executing the Indenture or any related document or instrument; provided, however, that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

Section 9.11. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under the Indenture is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture.

Section 9.12. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to the 2009A Lease is set forth in Appendix B to the Series 2009A Supplemental Indenture. As additional Leased Property is leased pursuant to a Lease other than the 2009A Lease, legal descriptions of the land included in such additional Leased Property will be set forth in such Lease and in the Supplemental Indenture with the same Series designation as such Lease. If the land included in the Leased Property subject to a Lease is modified pursuant to the terms of such Lease or other land is substituted for land included in Leased Property subject to any Lease pursuant to the terms of such Lease, the legal descriptions set forth in the applicable Supplemental Indenture will be amended to describe the land included in such Leased Property after such modification or substitution.

Section 9.13. Severability. In the event that any provision of the Indenture, other than the placing of the Trust Estate in trust, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.14. Applicable Law. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of the Indenture. Any provision of the Indenture, whether or not incorporated in the Indenture by reference, which provides for arbitration by an extra-judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision hereof or incorporated in the Indenture by reference which purports to negate this Section in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this Section will not invalidate the remainder of the Indenture to the extent that the Indenture is capable of execution. At all times during the performance of the Indenture, the Trustee shall strictly adhere to all applicable federal and State laws, rules and regulations that have been or may hereafter be established.

Section 9.15. Execution in Counterparts. This Master Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Trustee has executed this Master Indenture as of the date first above written.

ZIONS FIRST NATIONAL BANK, as Trustee

By ______________________________________
Authorized Signatory

[Signature Page to Master Indenture]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 11th day of August, 2009, by Stephanie Nicholls, as an authorized signatory of Zions First National Bank.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[SEAL]

____
Notary Public

My commission expires:

____

APPENDIX A

FORM OF PROJECT ACCOUNT REQUISITION

[Omitted for the form of Master Indenture appended to this Official Statement]

APPENDIX B

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[Omitted for the form of Master Indenture appended to this Official Statement]

APPENDIX C

GLOSSARY

[Omitted for the form of Master Indenture appended to this Official Statement. See the Glossary appended to the form of the 2019O Supplemental Indenture, which amends and restates in its entirety the Glossary to the Master Indenture]

FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2019O SUPPLEMENTAL TRUST INDENTURE

by

ZIONS BANCORPORATION, NATIONAL ASSOCIATION
as Trustee

authorizing

State of Colorado
Building Excellent Schools Today
Certificates of Participation
Tax-Exempt Series 2019O

Dated as of December 5, 2019

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STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2019O SUPPLEMENTAL TRUST INDENTURE

This State of Colorado Building Excellent Schools Today Series 2019O Supplemental Trust Indenture (this "Series 2019O Supplemental Indenture") is dated as of December 5, 2019, and is executed and delivered by, Zions Bancorporation, National Association, a national banking association duly organized and validly existing under the laws of the United States, as trustee for the benefit of the Owners of the Certificates (the "Trustee"). ***Capitalized terms used but not defined herein have the meanings assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009, as such Glossary is amended, supplemented and restated by Appendix D hereto and as it may be further amended, supplemented and restated from time to time***.

RECITALS

The Master Indenture has been executed and delivered to provide for the issuance and payment of and security for Certificates. This Series 2019O Supplemental Indenture is a Supplemental Indenture and is being executed to provide additional terms applicable to the Series 2019O Certificates.

AGREEMENT

The Trustee hereby declares for the benefit of the Owners as follows:

ARTICLE I

SERIES 2019O CERTIFICATES

Section 1.01. Authorization and Name. The following Certificates shall be executed and delivered pursuant to the Act, the Master Indenture and this Series 2019O Supplemental Indenture: State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2019O.

Section 1.02. Principal Amounts, Dated Dates, Maturity Dates and Interest.

(a) The Series 2019O Certificates are hereby designated as Tax-Exempt Certificates.

(b) The aggregate principal amount of the Series 2019O Certificates shall be $165,805,000.

(c) The Authorized Denominations of the Series 2019O Certificates are $5,000 and any integral multiple thereof.

(d) The Series 2019O Certificates executed and delivered on the date the Series 2019O Certificates are first executed and delivered shall be dated the date they are originally executed and delivered and shall bear interest from such date. Any Series 2019O Certificate executed and delivered upon transfer and exchange of another Series 2019O Certificate shall be dated as of its date of authentication and shall bear interest from the Interest Payment Date next preceding its date of authentication, unless the date of authentication is an Interest Payment Date in which case such Series 2019O Certificate shall bear interest from such Interest Payment Date or unless the date of authentication precedes the first Interest Payment Date in which case such Series 2019O Certificate shall bear interest from the date the Series 2019O Certificates are first executed and delivered.

(e) Interest on the Series 2019O Certificates shall be calculated based on a 360-day year consisting of twelve 30-day months.

(f) The Series 2019O Certificates shall mature on the dates and in the principal amounts, and shall bear interest at the per annum rates, set forth below:

Maturity Date (March 15)	**Principal Amount**	**Interest Rate**
2020	$4,635,000	5.000%
2021	3,095,000	5.000
2022	3,220,000	5.000
2023	3,385,000	5.000
2024	3,555,000	5.000
2025	3,730,000	5.000
2026	3,915,000	5.000
2027	4,110,000	5.000
2028	4,315,000	5.000
2029	4,515,000	5.000
2030	4,740,000	5.000
2031	4,970,000	5.000
2032	5,215,000	5.000
2033	5,475,000	5.000
2034	5,750,000	5.000
2035	6,035,000	5.000
2036	6,340,000	5.000
2037	6,650,000	4.000
2038	6,915,000	4.000
2039	7,190,000	4.000
2040	7,480,000	4.000
2044	60,570,000	4.000

Section 1.03. Redemption.

(a) ***Extraordinary Redemption Upon Occurrence of Event of Nonappropriation or Event of Default***. The Series 2019O Certificates shall be redeemed in whole, on such date as the Trustee may determine to be in the best interests of the

Owners, upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease, at a redemption price equal to the lesser of (i) the principal amount of the Series 2019O Certificates (with no premium), plus accrued interest to the redemption date; or (ii) the sum of (A) the amount, if any, received by the Trustee from the exercise of remedies under the Leases with respect to the Event of Nonappropriation or the occurrence and continuation of the Event of Default under any Lease that gave rise to such redemption and (B) the other amounts available in the Trust Estate for payment of the redemption price of the Series 2019O Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease, which amounts shall be allocated among the Series 2019O Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under any Lease in proportion to the principal amount of each such Certificate, provided that available moneys in any Sinking Fund Account shall be allocated only among Qualified School Construction Certificates that are Sinking Fund Certificates with the same Series designation as such Sinking Fund Account. **The payment of the redemption price of any Series 2019O Certificate pursuant to this redemption provision and any similar redemption provision applicable to any other Certificate shall be deemed to be the payment in full of such Series 2019O Certificate and such other Certificate, and no Owner of any such Series 2019O Certificate or other Certificate redeemed pursuant to this redemption provision or any similar redemption provision applicable to such other Certificate shall have any right to any payment from the Trustee or the State in excess of such redemption price.**

In addition to any other notice required to be given under the Indenture, the Trustee shall, immediately upon the occurrence of an Event of Nonappropriation or an Event of Default under any Lease, notify the Owners of the Series 2019O Certificates and all other Certificates that are subject to redemption upon the occurrence of an Event of Nonappropriation or the occurrence and continuation of an Event of Default under such Lease (I) that such event has occurred and (II) whether or not the funds then available to it for such purpose are sufficient to pay the redemption price thereof. If the funds then available to the Trustee are sufficient to pay the redemption price of the Series 2019O and other Certificates that are subject to redemption, such redemption price shall be paid as soon as possible. If the funds then available to the Trustee are not sufficient to pay the redemption price of the Series 2019O Certificates and other Certificates that are subject to redemption, the Trustee shall (aa) immediately pay the portion of the redemption price that can be paid from the funds available, net of any funds which, in the judgment of the Trustee, should be set aside to pursue remedies under the Leases; (bb) subject to the applicable provisions of the Indenture, immediately begin to exercise and diligently pursue all appropriate remedies available to it under the Leases in connection with such Event of Nonappropriation or Event of Default; and (cc) pay the remainder of the redemption price, if any, if and when funds become available to the Trustee from the exercise of such remedies.

(b) ***Mandatory Sinking Fund Redemption***.

(i) The Series 2019O Certificates maturing on March 15, 2044 bearing interest at a per annum interest rate of 4.000% are subject to mandatory sinking fund redemption on March 15 of the years and in the principal amounts set forth below at a redemption price equal to the principal amount thereof (with no premium), plus accrued interest to the redemption date. The Series 2019O Certificates maturing on a particular date shall be selected for redemption on each mandatory sinking fund redemption date by lot from all remaining Series 2019O Certificates maturing on such date and bearing such rate, rounded to the nearest Authorized Denomination.

Mandatory Sinking Fund Redemption Date (March 15)	**Principal Amount**
2041	$3,245,000
2042	3,370,000
2043	3,510,000
2044*	50,445,000

* Maturity date

At its option, to be exercised on or before the forty-fifth day next preceding each mandatory sinking fund redemption date, the State may (i) deliver to the Trustee for cancellation any Series 2019O Certificates with the same maturity date and interest rate as the Series 2019O Certificates subject to such mandatory sinking fund redemption and (ii) receive a credit in respect of its mandatory sinking fund redemption obligation for any Series 2019O Certificates with the same maturity date and interest rate as the Series 2019O Certificates subject to such mandatory sinking fund redemption which prior to such date have been redeemed (otherwise than by mandatory sinking fund redemption) and cancelled and not theretofore applied as a credit against any mandatory sinking fund redemption obligation. Each Series 2019O Certificate so delivered or previously redeemed shall be credited at the principal amount thereof to the mandatory sinking fund redemption obligation on the mandatory sinking fund redemption dates by lot, and the principal amount of Series 2019O Certificates to be redeemed as part of such mandatory sinking fund redemption on such dates shall be accordingly reduced.

(c) ***Optional Redemption***. The Series 2019O Certificates are subject to redemption at the option of the State, in whole or in part and if in part in Authorized Denominations from the remaining maturities bearing interest at the same interest rate designated by the State and by lot within any remaining maturity bearing interest at the same interest rate designated for redemption, on any date on and after March 15, 2029, at a redemption price equal to the principal amount of the Series 2019O Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.

Section 1.04. Form of Certificates. The Series 2019O Certificates shall be in substantially the form set forth in Appendix A hereto, with such changes thereto not inconsistent with the Indenture, as may be necessary or desirable and approved by the State. Although attached as an appendix for the convenience of the reader, Appendix A is an integral part of this Series 2019O Supplemental Indenture and is incorporated herein as if set forth in full in the body hereof.

ARTICLE II

SEPARATE ACCOUNTS AND SUBACCOUNTS FOR EACH SERIES OF CERTIFICATES

Section 2.01. Creation of Separate Accounts and Subaccounts. The Trustee shall create the separate accounts and subaccounts in the funds and accounts described below in order to account for the Lease Revenues paid with respect to each Series of Certificates, the proceeds of each Series of Certificates and earnings from the investment of moneys in each such account and subaccount. The name of each such account and subaccount shall include the Series designation of the appropriate Series of Certificates. The following are the separate accounts and subaccounts to be created:

(a) if the Costs of a Participating K-12 Institution's Project are to be funded from proceeds of more than one Series of Certificates, a separate Project Account for each such Series of Certificates;

(b) separate accounts of the State Expense Fund and the Rebate Fund;

(c) separate Sinking Fund Accounts for each Series of Qualified School Construction Certificates; and

(d) separate subaccounts of the Interest Account, the Principal Account, the Purchase Option Account and the Costs of Issuance Account.

Section 2.02. Separate Project Accounts. Notwithstanding any provision of Article III of the Master Indenture, if more than one Project Account is established for the payment of Costs of a Participating K-12 Institution's Project, moneys shall be disbursed from such Project Accounts to pay Costs of the Participating K-12 Institution's Project in the order determined by the State.

ARTICLE III

AMENDMENTS TO INDENTURE

Section 3.01. Amendment of Section 3.01(c)(ii)(A) of the Master Indenture. Section 3.01(c)(ii)(A) of the Master Indenture is amended to read as follows:

(A) principal of Qualified School Construction Certificates that are Sinking Fund Certificates shall be payable solely from the Sinking Fund Account with the same Series designation as such Series of Qualified School Construction Certificates;

Section 3.02. Amendment of Section 3.02(d)(i) of the Master Indenture. Section 3.02(d)(i) of the Master Indenture is amended to read as follows:

(i) Moneys held in each Project Account shall be disbursed to the Sublessee for whose Project the Account was established to pay, or reimburse the Sublessee for, Costs of the Project for which such Project Account was established upon receipt of a requisition in substantially the form attached hereto as Appendix A, signed by the Sublessee Representative and the State Representative. If a separate account has been created in the State Expense Fund (A) from which moneys are to be transferred to a Project Account that has been established to pay, or reimburse the Sublessee for, Costs of a Project to the extent moneys in such Project Account are not sufficient to pay, or reimburse the Sublessee for, Costs of such Project and (B) into which future earnings from the investment of moneys in such Project Account and/or other Project Accounts are to be deposited, then, at the written direction of the State, moneys in such Project Account also may be transferred to the Interest Account or the Principal Account of the Certificate Fund in an amount up to the amount of future earnings that are to be deposited into such Project Account.

Section 3.03. Amendment of Section 3.03 of the Master Indenture. Section 3.03 of the Master Indenture is amended by adding the following new subsection (d):

(d) **New Subaccounts of Series 2010F Account of State Expense Fund**. The Trustee shall create three new subaccounts within the Series 2010F Account of the State Expense Fund: the State Expense Fund Series 2010F Account Subaccount for Center Joint Consolidated School District No. 26 Account, the State Expense Fund Series 2010F Account Subaccount for School District No. 1 in the County of Adams (MAPLETON 1) and the State Expense Fund Series 2010F Account Subaccount for Akron School District No. R-1. Notwithstanding any other provision hereof:

(i) Future earnings from the investment of moneys in the Project Accounts funded with the proceeds of the 2010C Certificates, the 2010F Certificates, the 2011G Certificates and any additional Tax-Exempt Certificates shall be deposited into the following subaccounts, on a pro rata basis, until the balances in such subaccounts are equal to the amounts indicated: $482,519.98 into the State Expense Fund Series 2010F Account Subaccount for Center Joint Consolidated School District No. 26, $32,186.19 into the State Expense Fund Series 2010F Account Subaccount for District No. 1 in the County of Adams (MAPLETON 1) and $381,312.70 into the State Expense Fund Series 2010F Account Subaccount for Akron School District No. R-1.

(ii) Until the Trustee receives a Completion Certificate for the related Project, moneys in the following subaccounts of the State Expense Fund Series 2010F Account shall be transferred to the following Series 2010F Project Accounts: (A) moneys in the State Expense Fund Series 2010F Account

Subaccount for Center Joint Consolidated School District No. 26 shall be transferred to the Series 2010F Project Account of Center Joint Consolidated School District No. 26 to the extent moneys in such Project Account are not sufficient to pay, or reimburse Center Joint Consolidated School District No. 26 for, Costs of its Project; (B) moneys in the State Expense Fund Series 2010F Account Subaccount for School District No. 1 in the County of Adams (MAPLETON 1) shall be transferred to the Series 2010F Project Account of School District No. 1 in the County of Adams (MAPLETON 1) to the extent moneys in such Project Account are not sufficient to pay, or reimburse School District No. 1 in the County of Adams (MAPLETON 1) Center Joint for, Costs of its Project; and (C) moneys in the State Expense Fund Series 2010F Account Subaccount for Akron School District No. R-1 shall be transferred to the Series 2010F Project Account of Akron School District No. R-1 to the extent moneys in such Project Account are not sufficient to pay, or reimburse Akron School District No. R-1 for, Costs of its Project.

(iii) After the Trustee receives a Completion Certificate for the related Project, the remaining moneys in the subaccount of the State Expense Fund Series 2010F Account for the related district shall be transferred to the Series 2010F Account of the State Expense Fund and shall be used to pay the Costs of any Project or the costs of any capital construction project as defined in the Act that qualify as capital expenditures for federal income tax purposes.

Section 3.04. Amended and Restated Form of Project Account Requisition. The form of Project Account Requisition attached as Appendix A to the original Master Indenture, as previously amended, is hereby amended and restated in its entirety in Appendix B hereto.

Section 3.05. Amended and Restated Glossary. In accordance with Section 8.01 of the Master Indenture, the Trustee hereby amends, supplements and restates the Glossary as set forth in Appendix D hereto based on the written direction by the State in the Series 2019O Lease and the written certification by the State in the 2019O Lease that, after such amendment, supplement and restatement the Glossary is accurate and that such amendment, supplement and restatement does not materially modify the substantive provisions of the Indenture, the Leases or the Site Leases.

Section 3.06. References to Subleases and Sublessees. In order to accommodate the leasing of Leased Property to the Trustee pursuant to a Site Lease by a Participating K-12 Institution's Chartering Authority and the financing of Projects for Participating K-12 Institutions that are not Sublessees pursuant to Participation Agreements, whenever, in the body of the Master Indenture or any appendix to the Master Indenture, except Appendices A and C to the original Master Indenture (which are amended and restated in their entirety pursuant to Section 3.02 and 3.03 hereof):

(a) the term "Sublessee" is used to refer to the lessor under a Site Lease, such term shall be replaced with "Site Lessor";

(b) the term "Sublessee" is used to refer to a Project of a Sublessee, the Project Account of a Sublessee, the financing of a Project for a Sublessee, the Costs of a Sublessee's Project or payments by a Sublessee pursuant to a Sublease, such term shall be replaced with "Participating K-12 Institution"; and

(c) the term "Sublease" is used, such term shall be replaced with "Sublease or Participation Agreement," except where the term Sublease is used with respect to the terms of a Sublease granting a Sublessee the option to purchase the Leased Property subject to its Sublease (because a Participating K-12 Institution that is not a Sublessee does not have the option to purchase any Leased Property).

Section 3.07. Manner of Giving Notices. The electronic mail address for notices to the State pursuant to Section 9.09 of the Master Indenture is hereby amended to read: ryan.parsell@state.co.us. The electronic mail address and facsimile number for notices to the Trustee pursuant to Section 9.09 of the Master Indenture are hereby amended to read: denvercorporatetrust@zionsbank.com and 855.547.6178, respectively.

Section 3.08. Separate Project Accounts. Section 2.02 of the Series 2010B-C Supplemental Indenture, Section 3.02 of the Series 2010D-F Supplemental Indenture and Section 2.02 of the Series 2011G Supplemental Indenture are amended to read as follows:

Notwithstanding any provision of Article III of the Master Indenture, if more than one Project Account is established for the payment of Costs of a Participating K-12 Institution's Project, moneys shall be disbursed from such Project Accounts to pay Costs of the Participating K-12 Institution's Project in the order determined by the State.

ARTICLE IV

CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS OF TRUSTEE

The Trustee hereby certifies, represents and agrees that all the certifications, representations and agreements of the Trustee set forth in Section 6.01 of the Master Indenture are true and accurate and makes the same certifications, representations and agreements under this Series 2019O Supplemental Indenture as if set forth in full herein.

ARTICLE V

MISCELLANEOUS

Section 5.01. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Series 2019O Supplemental Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 5.02. Interpretation and Construction. This Series 2019O Supplemental Indenture and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Series 2019O Supplemental Indenture. For purposes of this Series 2019O Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Series 2019O Supplemental Indenture to designated "Articles," "Sections," "subsections," "paragraphs," "clauses" and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Series 2019O Supplemental Indenture. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Series 2019O Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities and subject to statutory exceptions and modifications, as in effect from time to time.

(d) The term "money" includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding."

Section 5.03. Legal Description of Land Included in Leased Property.

(a) The legal description of the land included in the Leased Property subject to the 2019O Lease is set forth in Appendix C hereto. If the land included in the Leased Property subject to the 2019O Lease is modified pursuant to the terms of the 2019O Lease or other land is substituted for land included in the Leased Property subject to the 2019O Lease pursuant to the terms of the 2019O Lease, the legal description set forth in Appendix C hereto will be amended to describe the land included in the Leased Property subject to the 2019O Lease after such modification or substitution.

(b) The Leased Property subject to the 2019O Lease described in Appendix C hereto, the Leased Property subject to the 2009A Lease described in Appendix B to the Master Indenture and Appendix B to the Series 2009A Supplemental Indenture, the Leased Property subject to the 2010B-C Lease described in Appendix D to the Series 2010B-C Supplemental Indenture, the Leased Property subject to the 2010D-F Lease described in Appendix E to the Series 2010D-F Supplemental Indenture, the Leased Property subject to the 2012H Lease described in Appendix C to the Series 2012H Supplemental Indenture, the Leased Property subject to the 2013I Lease described in Appendix C to the Series 2013I Supplemental Indenture, the Leased Property subject to the 2015 Lease described in Appendix C to the 2015 Supplemental Indenture, the Leased Property subject to the 2017J Lease described in Appendix C to the 2017J Supplemental Indenture, the Leased Property subject to the 2017K Lease described in Appendix B to the Series 2017K Supplemental Indenture, the Leased Property subject to the 2018L Lease described in Appendix B to the Series 2018L Supplemental Indenture, the Leased

Property subject to the 2018M Lease described in Appendix B to the Series 2018M Supplemental Indenture, and the Leased Property subject to the 2018N Lease described in Appendix C to the Series 2018N Supplemental Indenture (as well as any additional Leased Property subject to any additional Building Excellent Schools Today Lease Purchase Agreement), are part of the Leased Property that is subject to the Indenture. Accordingly, this Section and Appendix C hereto are amendments to the Master Indenture, the Series 2009A Supplemental Indenture, the Series 2010B-C Supplemental Indenture, the Series 2010D-F Supplemental Indenture, the Series 2012H Supplemental Indenture, the Series 2013I Supplemental Indenture, the 2015 Supplemental Indenture, the Series 2017J Supplemental Indenture, the 2017K Supplemental Indenture, the Series 2018L Supplemental Indenture, the Series 2018M Supplemental Indenture, and the Series 2018N Supplemental Indenture, and to the legal description of land included in the Leased Property described in Appendix B to the Master Indenture, Appendix B to the Series 2009A Supplemental Indenture, Exhibit D to the Series 2010B C Supplemental Indenture, Exhibit E to the Series 2010D-F Supplemental Indenture, Exhibit C to the Series 2012H Supplemental Indenture, Exhibit C to the Series 2013I Supplemental Indenture, Exhibit C to the 2015 Supplemental Indenture, Exhibit B to the Series 2017K Indenture, Appendix B to the Series 2018L Supplemental Indenture, Appendix B to the Series 2018M Supplemental Indenture, and Appendix C to the Series 2018N Supplemental Indenture; and the Leased Property subject to the Master Indenture, the 2009A Supplemental Indenture, the Series 2010B-C Supplemental Indenture, the Series 2010D-F Supplemental Indenture, the Series 2012H Supplemental Indenture, the Series 2013I Supplemental Indenture, the 2015 Supplemental Indenture, the Series 2017J Supplemental Indenture, the Series 2017JK Supplemental Indenture, the Series 2018L Supplemental Indenture, the Series 2018M Supplemental Indenture, the Series 2018N Supplemental Indenture, and this Series 2019O Supplemental Indenture include all of (i) the property described in Appendix B to the Master Indenture and Appendix B to the Series 2009A Supplemental Indenture, (ii) the property described in Appendix D to the Series 2010B-C Supplemental Indenture, (iii) the property described in Appendix E to the Series 2010D-F Supplemental Indenture, (iv) the property described in Appendix C to the Series 2012H Supplemental Indenture, (v) the property described in Appendix C to the Series 2013I Supplemental Indenture, (vi) the property described in Appendix C to the 2015 Supplemental Indenture, (vii) the property described in Appendix C to the Series 2017J Supplemental Indenture, (viii) the property described in Appendix B to the Series 2017K Supplemental Indenture, (ix) the property described in Appendix B to the Series 2018L Supplemental Indenture, (x) the property described in Appendix B to the Series 2018M Supplemental Indenture, (xi) the property described in Appendix C to the Series 2018N Supplemental Indenture, and (xii) the property described in Appendix C hereto.

Section 5.04. Execution in Counterparts. This Series 2019O Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.05. Incorporation of Certain Miscellaneous Provisions of Master Indenture. The provisions of Sections 9.02, 9.03, 9.04, 9.05, 9.06, 9.09, 9.10, 9.11, 9.13 and 9.14 of the Master Indenture shall apply to this Series 2019O Supplemental Indenture as if set forth in full herein.

IN WITNESS WHEREOF, the Trustee has executed this Series 2019O Supplemental Indenture as of the date first above written.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, as Trustee

By ______________________________
Authorized Signatory, Zions Bank Division

[Signature Page to Series 2019O Supplemental Indenture]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ___ day of December, 2019 by ______________, as an authorized signatory of Zions Bancorporation, National Association.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[SEAL]

____
Notary Public

My commission expires:

____

APPENDIX A

FORM OF SERIES 2019O CERTIFICATE

[omitted for form of Series 2019O Supplemental Indenture appended to Official Statement]

APPENDIX B

FORM OF PROJECT ACCOUNT REQUISITION

[omitted for form of Series 2019O Supplemental Indenture appended to Official Statement]

APPENDIX C

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY SUBJECT TO THE 2019O LEASE

[omitted for form of Series 2019O Supplemental Indenture appended to Official Statement]

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APPENDIX D

GLOSSARY

"*Act*" means the Building Excellent Schools Today Act, part 1 of article 43.7 of title 22, C.R.S., as it may be amended from time to time.

"*Additional Rent*" means (a) when used with respect to amounts payable by the State pursuant to a Lease, the costs and expenses incurred by the State in performing its obligations under such Lease other than its obligations with respect to Base Rent and the State's Purchase Option Price; and (b) when used with respect to amounts payable by a Participating K-12 Institution pursuant to a Sublease or Participation Agreement, the costs and expenses incurred by the Participating K-12 Institution in performing its obligations under such Sublease or Participation Agreement other than its obligations with respect to the Sublessee's Purchase Option Price under such Sublease and its Matching Moneys obligations (whether in the form of cash, Base Rent, a Matching Moneys Bond and payments thereon or Matching Moneys Installment Payments). Amounts payable by a Participating K-12 Institution pursuant to a Sublease or Participation Agreement are not included in the Trust Estate.

"*Adverse Federal Direct Payment Event*" means an event that would (a) cause a Taxable Build America Certificate to fail to qualify as a qualified bond within the meaning of Section 54AA(g)(2) of the Code or (b) cause a Taxable Qualified School Construction Certificate to fail to qualify as a qualified tax credit bond within the meaning of Section 54A of the Code and as a qualified school construction bond with the meaning of Section 54F(a) of the Code.

"*Adverse Tax Event*" means:

(a) with respect to a Tax Credit Build America Certificate, an event that would cause the Certificate to fail to qualify as a build America bond within the meaning of Section 54AA(d) of the Code;

(b) with respect to a Taxable Build America Certificate, a Taxable Qualified School Construction Certificate or a Taxable No Tax Credit Certificate, the term Adverse Tax Event shall have no meaning;

(c) with respect to a Tax-Exempt Certificate, an event that would cause interest on the Certificate to be included in gross income for federal income tax purposes or to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (except, with respect to corporations, as such interest is required to be taken into account in determining "adjusted current earnings" for the purpose of computing the alternative minimum tax imposed on such corporations); and

(d) with respect to a Tax Credit Qualified School Construction Certificate, an event that would cause the Certificate to fail to qualify as a qualified school construction bond within the meaning of Section 54F of the Code.

"*Allocated Investment Earnings*" means, when used with respect to any Project Account, the dollar amount, if any, designated by the State at the time such account is created of investment earnings from the Project Accounts that is to be deposited over time into such Project Account pursuant to Section 3.02(b)(ii) of the Master Indenture.

"*Amortizing Principal*" means the payments of Base Rent by the State pursuant to a Lease that are designated and paid as Amortizing Principal under such Lease.

"*Assistance Board*" means the public school capital construction assistance board created in section 22-43.7-106(1) of the Act.

"*Assistance Fund*" means the public school capital construction assistance fund created in section 22-43.7-104(1) of the Act.

"*Authorized Denominations*" means, with respect to any Series of Certificates, the denominations specified in the Supplemental Indenture authorizing such Series of Certificates.

"*Available Project Proceeds*" with respect to any Series of Qualified School Construction Certificates has the meaning assigned to it in Section 54A of the Code.

"*Available Project Proceeds Expenditure Period*" means, with respect to any Series of Qualified School Construction Certificates, the third anniversary of the date such Series of Qualified School Construction Certificates are originally executed and delivered or, in the event the United States Internal Revenue Service grants an extension of the three year expenditure period, the last day of the extended expenditure period.

"*Base Rent*" means (a) when used with respect to amounts payable by the State pursuant to a Lease, the amounts designated and paid as Base Rent under such Lease; and (b) when used with respect to amounts payable by a Participating K-12 Institution pursuant to a Sublease, the payments, if any, by the Participating K-12 Institution pursuant to such Sublease that are designated and paid as Base Rent under such Sublease. Base Rent payable by Participating K-12 Institutions pursuant to Subleases is not included in the Trust Estate.

"*Base Rent Payment Date*" means, when used with respect to Base Rent payable pursuant to a Lease or Sublease, one of the dates in the "Base Rent Payment Date" column in the Exhibit to such Lease or Sublease that includes the schedule for payment of Base Rent payable pursuant to such Lease or Sublease.

"*Bond Counsel*" means (a) as of the date of execution and delivery of the Series 2019O Certificates, Kutak Rock LLP, and (b) as of any other date, Kutak Rock LLP or such other attorneys selected by the State with nationally recognized expertise in the issuance of municipal securities that qualify as Taxable Build America Certificates, Tax Credit Build America Certificates, School Construction Certificates and Tax-Exempt Certificates.

"*Building Excellent Schools Today Lease Purchase Agreement*" means a lease purchase agreement entered into by the State Treasurer on behalf of the State on the instructions of the Assistance Board to provide financial assistance as defined in the Act to Eligible K-12 Institutions pursuant to section 22-43.7-110(2) of the Act.

"*Business Day*" means any day other than a Saturday, a Sunday or a day on which banks in New York, New York or Denver, Colorado are authorized by law to remain closed.

"*Capital Construction Fund*" means the special fund created by Section 3.02 of the Master Indenture.

"*Certificate Fund*" means the special fund created by Section 3.01 of the Master Indenture.

"*Certificates*" means all the certificates executed and delivered pursuant to the Master Indenture.

"*Charter*" means the charter granted to the charter school by the Chartering School District or other contract between the charter school and the Chartering School District under which the charter school operates.

"*Chartering Authority*" means the school district or State Charter School Institute that has granted or entered into a charter school's charter.

"*Code*" means the Internal Revenue Code of 1986, as amended, and regulations thereunder.

"*Colorado Recovery Act*" means the Colorado Recovery and Reimbursement Finance Act of 2009, C.R.S. title 11, article 59.7, as it may be amended from time-to-time.

"*Comparable Treasury Issue*" means, with respect to any Series of Certificates, the U.S. Treasury security selected by a Reference Dealer designated by the State as having a maturity comparable to the remaining term to maturity of the Series of Certificates to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Series of Certificates being redeemed.

"*Comparable Treasury Price*" means:

(a) with respect to the Series 2010B Certificates and any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) (or any successor release) that has become publicly available three business days prior to the date of redemption (excluding inflation-indexed securities) or (ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee, or the independent accounting firm or financial advisor retained for such purpose, as applicable, is unable to obtain five such Reference Treasury Dealer Quotations, the average of all such quotations; and

(b) with respect to any Series of Certificates other than the Series 2010B Certificates and any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on a day at least three Business Days but no more than 45 Business Days preceding such redemption date, as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) (or any successor release) that has become publicly available prior to the date of redemption (excluding inflation-indexed securities) or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee or the independent accounting firm or financial advisor retained for such purpose, as applicable, is unable to obtain five such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Completion Certificate*" for each Project is defined in the Sublease or Participation Agreement of the Participating K-12 Institution for which the Project was financed.

"*Completion Date*" for each Project is defined in the Sublease or Participation Agreement of the Participating K-12 Institution for which the Project was financed.

"*Contractor*" means any Person who performs Work in connection with a Project.

"*Costs*" or "*Costs of a Project*" means, with respect to each Project, the costs of capital construction (as defined in § 22-43.7-103(6) of the Act) of such Project that are incurred prior to the Completion Date for such Project.

"*Costs of Issuance*" means costs financed with the proceeds of a Series of Certificates (a) that are incurred in connection with the preparation, negotiation, execution and delivery of any Site Lease, Lease, Sublease, Participation Agreement or Matching Moneys Bond, the Indenture, the Certificates or any other document related thereto and due diligence, title and other nonconstruction costs incurred with respect to the Leased Property and the Projects, including, but not limited to, any fees and expenses of the Trustee, any fees and expenses of any underwriter or financial advisor that provides services in connection with the execution and delivery of any Certificates, costs of environmental assessments or reports and title insurance, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, Certificate insurance premiums, costs of immediately available funds, costs of publication, printing and engraving, accountants' fees and recording and filing fees; and (b) (i) if proceeds of such Series of Certificates are deposited into one or more Project Accounts, such costs are incurred prior to the last Completion Date for a Project that is to be funded from one of such Project Accounts and (ii) if proceeds of such Series of Certificates are used to defease Certificates pursuant to the Master Indenture, such costs are incurred in connection with the defeasance of such Certificates.

"*Costs of Issuance Account*" means the account of the Capital Construction Fund created by and designated as such in Section 3.02(a) of the Master Indenture.

"*C.R.S.*" means Colorado Revised Statutes, as amended.

"Defeasance Securities" means Permitted Investments which are:

(a) cash;

(b) U.S. Treasury Certificates, Notes and Bonds, including State and Local Government Series ("SLGs");

(c) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself and CATS, TIGRS and similar securities;

(d) Resolution Funding Corp. (REFCORP): only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;

(e) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P; provided that if the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA-rated pre-refunded municipal bonds;

(f) the following obligations issued by the following agencies if such obligations are backed or guaranteed by the full faith and credit of the United States or the full faith and credit of the United States is pledged for the payment of principal of and interest on such obligations:

(i) U.S. Export-Import Bank (Eximbank) direct obligations or fully guaranteed certificates of beneficial ownership;

(ii) Farmers Home Administration (FmHA) certificates of beneficial ownership;

(iii) Federal Financing Bank;

(iv) General Services Administration participation certificates;

(v) U.S. Maritime Administration Guaranteed Title XI financing;

(vi) U.S. Department of Housing and Urban Development (HUD):

(A) Project Notes;

(B) Local Authority Bonds;

(C) New Communities Debentures—U.S. government guaranteed debentures; and

(D) U.S. Public Housing Notes and Bonds—U.S. government guaranteed public housing notes and bonds.

"*DTC*" means The Depository Trust Company, New York, New York, and its successors in interest and assigns.

"*Eligible K-12 Institution*" means an applicant as defined in the Act.

"*Event of Default*" means (a) when the term is used in any Lease or is used to refer to an event occurring under a Lease, an event described in Section 11.01 of such Lease; (b) when the term is used in a Sublease with respect to Leased Property subject to a Lease or when the term is used in a Sublease or Participation Agreement to refer to an event occurring under such a Sublease or Participation Agreement, an event described in Section 11.01 of such Sublease or Participation Agreement; (c) when the term is used in a Site Lease with respect to Leased Property subject to a Lease or is used to refer to an event occurring under such Site Lease, an event described in Section 10.01 of such Site Lease; and (d) when the term is used in the Indenture, an Event of Default under any Lease.

"*Event of Nonappropriation*" means (a) when the term is used in a Lease, an event described in Section 5.04(b) of such Lease; (b) when the term is used in a Sublease with respect to Leased Property subject to the 2009A Lease or is used to refer to an event occurring under such a Sublease, an event described in Section 5.04(b) of such Sublease; (c) when the term is used in any other Sublease with respect to Leased Property or is used in any other Sublease or in any Participation Agreement to refer to an event occurring under such Sublease or Participation Agreement, an event described in Section 6.04(b) of such Sublease or Participation Agreement; and (d) when the term is used in the Indenture, an Event of Nonappropriation under any Lease.

"*Failure to Perform*" is defined in Section 7.03 of the Master Indenture.

"*Fair Market Value*" means:

(a) with respect to real property improved pursuant to a Project after the Completion Date for the Project and with respect to Leased Property that is not improved pursuant to a Project: (i) the value of the land included in such property as estimated by the Site Lessor of such property or by the Participating K-12 Institution for which the Project has been or is being financed; *plus* (ii) the replacement value of such property determined by the Colorado School District Self Insurance Pool or other insurer providing casualty and property damage for such property;

(b) with respect to real property that is being improved pursuant to a Project before the Completion Date for the Project: (i) the sum of (A) the value of the land included in such property as estimated by the Site Lessor of such property or by the Participating K-12 Institution for which the Project is being financed; and (B) the replacement value of property to be improved pursuant to the Project determined by the Colorado School District Self Insurance Pool or other insurer providing casualty and property damage for such property, net of any reduction in the value of such property resulting from demolition or other changes to such property in connection with the Project; *plus* (ii) the sum, without duplication, of (A) the amount of proceeds of Certificates deposited and Allocated Investment Earnings deposited or expected to be deposited into the Project Account for the Project; (B) the amount expected to be expended on the Project from the Assistance Fund; (C) the amount previously expended on the Project from sources other than the Project Account or the Assistance Fund; and (D) the amount expected to be expended on the Project in the future from sources other than the Project Account or the Assistance Fund;

(c) with respect to other property, the price at which a willing seller would sell and a willing buyer would buy such property in an arm's length transaction; and

(d) if Fair Market Value is being determined for a portion of property for which a value is determined pursuant to clauses (a), (b) and/or (c) above, including, for example, where only a portion or none of the property improved pursuant to a Project is included in the Leased Property, the State's determination as to the amount of the value determined pursuant to clauses (a), (b) and/or (c) above that is allocable to the portion of the property for which Fair Market Value is being determined shall be conclusive and binding on all Persons.

"*Federal Direct Payments*" means (a) with respect to Taxable Build America Certificates, payments by the federal government in connection with the interest payable on such Certificates on each Interest Payment Date pursuant to Sections 54AA(g) and 6431 of the Code; and (b) with respect to Taxable Qualified School Construction Certificates, payments by the federal government in connection with the interest payable on each maturity of such Certificates pursuant to Sections 54F and 6431 of the Code.

"*Fiscal Year*" means the State's fiscal year, which begins on July 1 of each year and ends on June 30 of the following year.

"*Force Majeure*" means any event that is not within the control of the State, including, without limitation, acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; or breakage or accidents affecting machinery, transmission pipes or canals.

"*Glossary*" means this Glossary as it may be amended, supplemented or restated from time to time.

"*Governing Body*" means, (a) when used with respect to a Participating K-12 Institution that is a school district, the Board of Education of such school district; (b) when used with respect to a Participating K-12 Institution that is a charter school, the board of directors or other comparable body of such charter school; and (c) when used with respect to any other Participating K-12 Institution, the legislative body, board of directors or other comparable body of such Participating K-12 Institution.

"*Indenture*" means the Master Indenture and all Supplemental Indentures, collectively.

"*Initial Purchaser*" means the Person who initially purchases a Series of Certificates pursuant to a certificate purchase agreement or otherwise.

"*Initial Term*" means, with respect to each Lease, Sublease and Participation Agreement, the period commencing on the date the Lease, Sublease or Participation Agreement is executed and delivered (unless a different commencement date is specifically set forth in such Lease, Sublease or Participation Agreement) and ending on the following June 30.

"*Interest Account*" means the special account of the Certificate Fund established and designated as such by Section 3.01 of the Master Indenture.

"*Interest Component*" means the rights of the Owner of a Tax Credit Build America Certificate or a Qualified School Construction Certificate to receive interest on such Certificate independently of the right to receive the principal of such Certificate.

"*Interest Payment Date*" (a) has no meaning with respect to the Series 2009A Certificates; (b) means, with respect to the 2010B-C Certificates, March 15 and September 15, commencing on September 15, 2010; (c) means, with respect to the 2010D-F Certificates, March 15 and September 15, commencing September 15, 2011; (d) means, with respect to the 2011G Certificates, March 15 and September 15, commencing March 15, 2012; (e) means, with respect to the 2012H Certificates, March 15 and September 15, commencing September 15, 2013; (f) means, with respect to the 2013I Certificates, March 15 and September 15, commencing September 15, 2014; (g) means, with respect to the 2017J Certificates and 2017K Certificates, March 15 and September 15, commencing March 15, 2018; (h) means, with respect to the 2018L Certificates and 2018M Certificates, March 15 and September 15, commencing March 15, 2019; (i) means, with respect to the 2018N Certificates, March 15 and September 15, commencing March 15, 2019; (j) means, with respect to the 2019O Certificates, March 15 and September 15, commencing March 15, 2020; and (k) means, with respect to other Certificates, unless this definition is amended at or prior to the execution and delivery of such other Certificates, March 15 and September 15, commencing on the first such date that is at least 75 days after the original dated date of such Certificates.

"*Interest Strip*" means an instrument evidencing the right to receive the interest on a Tax Credit Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the tax credit available to the owner of, and the principal of, such Qualified School Construction Certificate or Tax Credit Build America Certificate.

"*Land*" means (a) with respect to the land included in the Leased Property, the land described in Exhibit A to such Lease, subject to the terms of such Lease relating to modifications and substitutions of Leased Property; (b) with respect to land included in a Participating K-12 Institution's Leased Property under a Sublease, the land described in Exhibit B to such Sublease, subject to the terms of such Sublease relating to modifications and substitutions of Leased Property; and (c) with respect to the land included in a Site Lessor's Leased Property under a Site Lease, the land described in Exhibit A to such Site Lease, subject to the terms of such Site Lease relating to modifications and substitutions of Leased Property.

"*Lease*" means (a) when the term is used in a particular Building Excellent Schools Today Lease Purchase Agreement to refer to "this Lease," the particular Building Excellent Schools Today Lease Purchase Agreement in which the term is used; (b) when the term is used in the Indenture or another document other than a Building Excellent Schools Today Lease

Purchase Agreement and is not preceded by the Series designation of the Lease, any of the Building Excellent Schools Today Lease Purchase Agreements, revenues from which are to be used to pay principal of, premium, if any, and interest on Certificates; and (c) when the terms is preceded by the Series designation of the Lease, the Building Excellent Schools Today Lease Purchase Agreement with that Series designation.

"*Lease Revenues*" means, (a) with respect to each Lease: (i) the Base Rent; (ii) Federal Direct Payments, if any, with respect to the interest component of Base Rentals paid to the Trustee pursuant to a Lease; (iii) the State's Purchase Option Price, if paid (including any Net Proceeds applied to the payment of the State's Purchase Option Price pursuant to a Lease); (iv) earnings on moneys on deposit in the Certificate Fund, the Capital Construction Fund and the State Expense Fund (but not the Rebate Fund or any defeasance escrow account); and (v) any other moneys to which the Trustee may be entitled for the benefit of the Owners; and (b) with respect to other Leases, similar amounts with respect thereto. Lease Revenues does not include amounts payable by any Participating K-12 Institution under a Sublease or Participation Agreement or amounts payable under any Matching Moneys Bond.

"*Lease Term*" means the period of time during which a Lease is in force and effect, as set forth in Section 3.01 of such Lease.

"*Leased Property*" means (a) when the term is used in a particular Lease or to refer to property leased pursuant to a particular Lease, the Land and the buildings, structures and improvements now or hereafter located on such Land (including any fee interest, leasehold estate or other interest therein) that are leased by the Trustee to the State pursuant to such Lease, subject to the terms of such Lease relating to modifications and substitutions of Leased Property; (b) when the term is used in a particular Sublease, the Land and the buildings, structures and improvements now or hereafter located on such Land (including any fee interest, leasehold estate or other interest therein) that are subleased to the Sublessee pursuant to the Sublease, subject to the terms of such Sublease relating to modifications and substitutions of Leased Property; (c) when the term is used in a particular Site Lease, the Land and the buildings, structures and improvements located on such Land (including any fee interest, leasehold estate or other interest therein) that are leased by the Site Lessor to the Trustee pursuant to such Site Lease; (d) when the term is used together with a possessive reference to a particular Sublessee or Site Lessor, the Land and the buildings, structures and improvements now or hereafter located on such Land (including any fee interest, leasehold estate or other interest therein) leased to such Sublessee under a Sublease or leased by such Site Lessor under a Site Lease; and (e) when the term is used in other contexts, all the property (including any fee interest, leasehold estate or other interest therein and the Land and the building, structures and improvements now or hereafter located on such Land) leased to the State pursuant to all the Leases, subject to the terms of the Leases relating to modifications and substitutions of Leased Property.

"*Master Indenture*" means the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009 by the Trustee, as it has been supplemented and amended by the Series 2009A Supplemental Indenture, the Series 2010B-C Supplemental Indenture, the Series 2010D-F Supplemental Indenture, the Series 2011G Supplemental Indenture, the October 2012 Supplemental Indenture, the Series 2012H Supplemental Indenture, the Series 2013I Supplemental Indenture, the 2015 Supplemental Indenture, the Series 2017J

Supplemental Indenture, the Series 2017K Supplemental Indenture, the Series 2018L Supplemental Indenture, the Series 2018M Supplemental Indenture, the Series 2018N Supplemental Indenture, and the Series 2019O Supplemental Indenture and as it may be further supplemented and amended from time-to-time by a Supplemental Indenture or otherwise.

"*Matching Moneys*" has the meaning assigned to it in the Act.

"*Matching Moneys Bond*" means any bond issued by and delivered to the State to satisfy a Participating K-12 Institution's obligation to pay Matching Moneys with respect to its Project.

"*Matching Moneys Installment Payments*" means periodic payments by a Participating K-12 Institution designated as Matching Moneys Installment Payments in a Sublease or Participation Agreement that the Participating K-12 Institution has agreed to pay to satisfy the Participating K-12 Institution's obligation to pay Matching Moneys with respect to its Project.

"*Moody's*" means Moody's Investor Service and its successors and assigns.

"*Net Proceeds*" means the gross proceeds received from any insurance, performance bond, condemnation award or contract or any source as a consequence of a Property Damage, Defect or Title Event *minus* any expenses incurred in connection with the collection of such gross proceeds.

"*October 2012 Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today October 2012 Supplemental Trust Indenture dated as of October 30, 2012 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Opinion of Counsel*" means a written opinion of legal counsel, who may be counsel to the Trustee.

"*Outstanding*" means all Certificates which have been executed and delivered, except:

(a) Certificates canceled or which shall have been surrendered to the Trustee for cancellation;

(b) Certificates in lieu of which other Certificates have been executed under Section 2.05 or 2.06 of the Master Indenture;

(c) Certificates which have been redeemed as provided in Article IV of the Master Indenture (including Certificates redeemed on payment of an amount less than the outstanding principal thereof and accrued interest thereon to the redemption date);

(d) Certificates which are due and for which the Trustee holds funds for the benefit of the Owner thereof pursuant to Section 3.05 of the Master Indenture;

(e) Certificates which are otherwise deemed discharged pursuant to Section 9.01 of the Master Indenture; and

(f) Certificates held by the State.

"*Owner*" of a Certificate means the registered owner of such Certificate as shown in the registration records of the Trustee.

"*Participant*" means a Participating K-12 Institution that is not a Sublessee under a Sublease.

"*Participant Representative*" means a Person identified as such in a Participant's Participation Agreement.

"*Participating K-12 Institution*" means an Eligible K-12 Institution for which the Assistance Board has recommended, and the State Board has approved, the provision of financial assistance for the Eligible K-12 Institution's Project in accordance with the Act and for which the Assistance Board has instructed the State Treasurer to enter into a Building Excellent Schools Today Lease Purchase Agreement to provide such financial assistance.

"*Participation Agreement*" means an agreement between the State and a Participant with respect to the financing of the Participant's Project.

"*Participation Agreement Representative*" means a Person identified as such in a Participant's Participation Agreement or any Person appointed as Participation Agreement Representative by the Person identified as such in such Participation Agreement.

"*Participation Agreement Term*" means the period of time during which a Participation Agreement is in force and effect as set forth in Section 3.01 of such Participant Agreement.

"*Permitted Encumbrances*" means, as of any particular time, (a) liens for taxes and assessments not then delinquent, or liens which may remain unpaid pursuant to Section 7.02(b) of any Lease; (b) the Leases, the Indenture, the Site Leases and the Subleases; (c) easements, licenses, rights-of-way, rights and privileges, reversion clause, use or other restrictions and exceptions which a State Representative certifies will not materially adversely affect the value, or interfere with or impair the effective use or operation, of the Leased Property, including easements granted pursuant to Section 7.03 of any Lease; (d) any financing statements filed with respect to the Trustee's interest in the Leased Property, the Leases, the Site Leases or the Subleases; (e) any encumbrance represented by financing statements filed to perfect purchase money security interests in any portion of or all of the Leased Property; (f) any claim filed pursuant to C.R.S. § 38-26-107; (g) any applicable zoning requirements; (h) such minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Leased Property and as do not, as certified by the Site Lessor that leased the Leased Property to the Trustee, materially impair title to the Leased Property; and (i) items appearing on the title insurance policy or commitment to issue the title insurance policy delivered at the time the Leased Property is added to the Leased Property subject to a Lease.

"*Permitted Investments*" means any investment which is a lawful investment permitted for the investment of funds of the State by the laws of the State under C.R.S. § 24-75-601.1 or any successor thereto.

"*Person*" means any natural person, firm, corporation, partnership, limited liability company, state, political subdivision of any state, other public body or other organization or association.

"*Principal Account*" means the special account of the Certificate Fund established and designated as such by Section 3.01 of the Master Indenture.

"*Principal Component*" means the rights of the Owner of a Tax Credit Build America Certificate or a Qualified School Construction Certificate not included in the Tax Credit Component or, if applicable, the Interest Component, including the right to payment of the principal of and, unless a separate Interest Strip has been created, Supplemental Interest on such Certificate in accordance with the Indenture and the other rights of the Owner of such Certificate under the Indenture based on the principal amount of such Certificate that are not included in the Tax Credit Component or Interest Component.

"*Principal Strip*" means an instrument evidencing the right to receive the principal of and, unless a separate Interest Strip has been created, Supplemental Interest on a Tax Credit Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the tax credit available to the owner of, and the interest on, such Tax Credit Qualified School Construction Certificate or Tax Credit Build America Certificate.

"*Project*" means (a) when the term is used to refer to a Project financed with the proceeds of a Series of Certificates, a capital construction project as defined in the Act that is financed with the proceeds of such Series of Certificates; (b) when the term is used in a particular Lease, a capital construction project as defined in the Act that is financed with proceeds of Certificates with the same Series designation as the Lease; (c) when the term is used together with a possessive reference to a Participating K-12 Institution, a capital construction project as defined in the Act that is identified as the Project of such Participating K-12 Institution in a Lease, a Sublease, a Participation Agreement, a Site Lease, the Indenture or other document; and (d) when the term is used in other contexts, all the capital construction projects as defined in the Act financed, in whole or in part, with proceeds of Certificates.

"*Project Account*" means an account of the Capital Construction Fund that is to be used to fund a particular Project.

"*Project Contract*" means the contract or agreement pursuant to which a Contractor performs Work in connection with a Project.

"*Property Damage, Defect or Title Event*" means one of the following events: (a) any portion of the Leased Property is destroyed or damaged by fire or other casualty, (b) title to, or the temporary or permanent use of, any portion of the Leased Property or the estate of the State or the Trustee in any portion of the Leased Property, is taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, (c) a breach of warranty or any material defect with respect to any portion of the Leased Property becomes apparent or (d) title to or the use of any portion of the Leased Property is lost by reason of a defect in the title thereto.

"*Proportionate Share*" means (a) when the term is used to refer to a Participating K-12 Institution's share of an amount payable (or another amount to be allocated among Participating K-12 Institutions) pursuant to a particular Lease, the share determined by multiplying the total amount by a fraction, the numerator of which is the costs of the Participating K-12 Institution's Project financed with the proceeds of Certificates or Allocated Investment Earnings from Project Accounts with the same Series designation as such Lease and the denominator of which is the sum of the costs all Participating K-12 Institution's Projects financed with the proceeds of Certificates or Allocated Investment Earnings from Project Accounts with the same Series designation as such Lease; and (b) when the term is used to refer to a Participating K-12 Institution's share of the sum of all amounts payable (or all other amounts to be allocated among all Participating K-12 Institutions) pursuant to all the Leases for a particular category of cost or expense (or for a particular purpose), the share determined by multiplying the sum of all such amounts by a fraction, the numerator of which is the costs of such Participating K-12 Institution's Project financed with the proceeds of Certificates and Allocated Investment Earnings and the denominator of which is sum of the costs all Participating K-12 Institutions' Projects financed with the proceeds of all Certificates and Allocated Investment Earnings.

"*Purchase Option Account*" means the special account of the Certificate Fund established and designated as such by Section 3.01 of the Master Indenture.

"*Qualified School Construction Certificate*" means any Taxable Qualified School Construction Certificate or any Tax Credit Qualified School Construction Certificate.

"*Rating Agency*" means S&P, but only if S&P then maintains a rating on any Outstanding Certificates at the request of the State, and Moody's, but only if Moody's then maintains a rating on any Outstanding Certificates at the request of the State.

"*Rebate Fund*" means the special fund created by Section 3.04 of the Master Indenture.

"*Record Date*" means, (a) with respect to each Interest Payment Date that occurs on the first day of a calendar month, the fifteenth day of the immediately preceding calendar month (whether or not a Business Day); and (b) with respect to each Interest Payment Date that occurs on a day other than the first day of a calendar month, the first day of the month (whether or not a Business Day) in which the Interest Payment Date occurs.

"*Reference Dealer*" means:

(a) with respect to the Series 2010B Certificates, (i) Goldman, Sachs & Co. or its successors; provided, however, that if the foregoing Reference Dealer shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the State shall substitute therefor another Primary Treasury Dealer, and (ii) four other Primary Treasury Dealers selected by the State;

(b) with respect to any Series of Certificates other than the Series 2010B Certificates, (i) RBC Capital Markets, LLC or its successors; provided, however, that if the foregoing Reference Dealer shall cease to be a primary U.S. Government securities dealer in New York City (a "Primary Treasury Dealer"), the State shall substitute therefor another Primary Treasury Dealer, and (ii) four other Primary Treasury Dealers selected by the State.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Dealer and any redemption date, the average, as determined by the Trustee or the independent accounting firm or financial advisor retained for such purpose, as applicable, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the State and the Trustee by such Reference Dealer at 5:00 p.m. (New York time) on the third business day preceding such redemption date.

"*Renewal Term*" means, with respect to each Lease, Sublease and Participation Agreement, each twelve-month period, commencing on July 1 of each Fiscal Year and ending on June 30 of such Fiscal Year, for which the State renews a Lease Term, a Sublessee renews a Sublease Term or a Participant renews a Participation Agreement Term after the Initial Term of such Lease, Sublease or Participation Agreement.

"*Rent*" means Base Rent and Additional Rent, collectively.

"*Requirement of Law*" means any federal, state or local statute, indenture, rule or regulation, any judicial or administrative order (including any such consent order), request or judgment, any common law doctrine or theory, any provision or condition of any permit required to be obtained or maintained, or any other binding determination of any governmental authority relating to the ownership or operation of property, including but not limited to any of the foregoing relating to zoning, environmental, health or safety matters.

"*S&P*" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., and its successors and assigns.

"*Scheduled Lease Term*" means the period that begins on the first day of the Initial Term of a Lease and ends on the date described in Section 3.01(b)(i) of such Lease.

"*Scheduled Participation Agreement Term*" means the period that begins on the first day of the Initial Term of a Participation Agreement and ends on the date described in Section 3.01(b)(i) of such Participation Agreement.

"*Scheduled Site Lease Term*" means the period that begins on the first day of the Site Lease Term of a Site Lease and ends on the date described in Section 3.01(a)(i) of such Site Lease.

"*Scheduled Sublease Term*" means the period that begins on the first day of the Initial Term of a Sublease and ends on the date described in Section 3.01(b)(i) of such Sublease.

"*Series*" means, (a) when used to refer to any series of Certificates, a series of Certificates authorized by and named in a Supplemental Indenture; and (b) when used to refer to a Lease, Sinking Fund Account or any other term with a series designation, the Lease, Sinking Fund Account or other term identified by a series designation. If the name of more than one Series of Certificates or Sinking Fund Accounts includes the same year and letter, (i) the letter in the Series name for such Series of Certificates or Sinking Fund Account shall be followed by a dash and a number in order to distinguish it from other Series of Certificates or Sinking Fund Accounts with the same year and letter in its name; (ii) references to Certificates by a year and letter shall include all Series of Certificates the name of which includes the same year and letter; and (iii) references to the Lease "with the same Series designation" as a Series of Certificates or Sinking Fund Account shall mean the Lease the name of which includes the same year and letter as such Series of Certificates or Sinking Fund Account.

"*Series 2009A Certificates*" means the Series of Certificates authorized by the Series 2009A Supplemental Indenture.

"*Series 2009A Sinking Fund Account*" means the Sinking Fund Account created for the payment of the Series 2009A Certificates pursuant to Section 3.01 of the Master Indenture.

"*Series 2009A Sinking Fund Principal*" means the payments of Base Rent by the State pursuant to the 2009A Lease that are designated and paid as Series 2009A Sinking Fund Principal under the 2009A Lease.

"*Series 2009A Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Trust Indenture dated as of August 12, 2009 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2010B Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Taxable Build America Series 2010B.

"*Series 2010B Interest*" means the interest payable on the Series 2010B Certificates pursuant to the Series 2010B-C Supplemental Indenture.

"*Series 2010B-C Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Series 2010B-C Supplemental Trust Indenture dated as of March 16, 2010 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2010C Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation Series 2010C Tax-Exempt Series 2010C.

"*Series 2010C Interest*" means the interest payable on the Series 2010C Certificates pursuant to the Series 2010B-C Supplemental Indenture.

"*Series 2010D Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Taxable Qualified School Construction Series 2010D.

"*Series 2010D Interest*" means the interest payable on the Series 2010D Certificates pursuant to the Series 2010D-F Supplemental Indenture.

"*Series 2010D Sinking Fund Account*" means the Sinking Fund Account created for the payment of the Series 2010D Certificates pursuant to the Master Indenture.

"*Series 2010D Sinking Fund Principal*" means the payment of Base Rent by the State pursuant to the 2010D-F Lease that are designated and paid as Series 2010D Sinking Fund Principal under the 2010D-F Lease.

"*Series 2010D-F Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 16, 2010 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2010E Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Taxable Build America Series 2010E.

"*Series 2010E Interest*" means the interest payable on the Series 2010E Certificates pursuant to the Series 2010D-F Supplemental Indenture.

"*Series 2010F Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2010F.

"*Series 2010F Interest*" means the interest payable on the Series 2010F Certificates pursuant to the Series 2010D-F Supplemental Indenture.

"*Series 2011G Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2011G.

"*Series 2011G Interest*" means the interest payable on the Series 2011G Certificates pursuant to the Series 2011G Supplemental Indenture.

"*Series 2011G Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 8, 2011 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2012H Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2012H.

"*Series 2012H Interest*" means the interest payable on the Series 2012H Certificates pursuant to the Series 2012H Supplemental Indenture.

"*Series 2012H Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 6, 2012 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2013I Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2013I.

"*Series 2013I Interest*" means the interest payable on the Series 2013I Certificates pursuant to the Series 2013I Supplemental Indenture.

"*Series 2013I Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 9, 2013 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2017J Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2017J.

"*Series 2017J Interest*" means the interest payable on the Series 2017J Certificates pursuant to the Series 2017J Supplemental Indenture.

"*Series 2017J Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 7, 2017 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2017K Certificates*" means the State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2017K.

"*Series 2017K Defeasance Escrow Agreement*" means the State of Colorado Building Excellent Schools Today Series 2017K Defeasance Escrow Agreement dated as of December 7, 2017 between the State and the Trustee, in its capacity as escrow agent.

"*Series 2017K Defeasance Escrow Account*" means the account of that name maintained pursuant to the Series 2017K Defeasance Escrow Agreement.

"*Series 2017K Interest*" means the interest payable on the Series 2017K Certificates pursuant to the Series 2017K Supplemental Indenture.

"*Series 2017K Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 7, 2017 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2018L Certificates*" means the State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2018L.

"*Series 2018L Interest*" means the interest payable on the Series 2018L Certificates pursuant to the Series 2018L Supplemental Indenture.

"*Series 2018L Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of September 18, 2018 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2018L/M Defeasance Escrow Agreement*" means the State of Colorado Building Excellent Schools Today Series 2018L/M Defeasance Escrow Agreement dated as of September 18, 2018 between the State and the Trustee, in its capacity as escrow agent.

"*Series 2018L/M Defeasance Escrow Account*" means the account of that name maintained pursuant to the Series 2018L/M Defeasance Escrow Agreement.

"*Series 2018M Certificates*" means the State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2018M.

"*Series 2018M Interest*" means the interest payable on the Series 2018M Certificates pursuant to the Series 2018M Supplemental Indenture.

"*Series 2018M Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of September 18, 2018 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2018N Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2018N.

"*Series 2018N Interest*" means the interest payable on the Series 2018N Certificates pursuant to the Series 2018N Supplemental Indenture.

"*Series 2018N Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 6, 2018 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2019O Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2019O.

"*Series 2019O Interest*" means the interest payable on the Series 2019O Certificates pursuant to the Series 2019O Supplemental Indenture.

"*Series 2019O Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 5, 2019 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Sinking Fund Account*" means one of the special accounts of the Certificate Fund established and designated as such by Section 3.01 of the Master Indenture. The name of each Sinking Fund Account shall include the same Series designation as the Series of Qualified School Construction Certificates for which it is established.

"*Sinking Fund Certificates*" means Qualified School Construction Certificates the principal of which is payable from a Sinking Fund Account.

"*Sinking Fund Principal*" means the payments of Base Rent by the State that are designated in a Lease as [Series year, letter and number] Sinking Fund Principal under such Lease.

"*Site Lease*" means a lease pursuant to which a Site Lessor has leased Leased Property to the Trustee, as amended or supplemented from time-to-time. When the term is preceded by a possessive, it means the Site Lease pursuant to which the particular Site Lessor has leased Leased Property to the Trustee.

"*Site Lease Term*" means the period of time during which a Site Lease is in force and effect as set forth in Section 3.01 of such Site Lease.

"*Site Lessor*" means the Participating K-12 Institution or the Chartering Authority for a Participating K-12 Institution that has leased Leased Property to the Trustee pursuant to a Site Lease in its capacity as lessor under such Site Lease.

"*Site Lessor Representative*" means a Person identified as such in a Site Lessor's Site Lease or any Person appointed as Site Lessor Representative by the Person identified as such in such Site Lease.

"*Special Record Date*" means a special date fixed to determine the names and addresses of Owners of Certificates for purposes of paying defaulted interest in accordance with Section 2.02 of the Master Indenture.

"*Specifications*" means, for each Project, the Specifications attached to the Sublease or Participation Agreement of the Participating K-12 Institution for which such Project was financed.

"*State*" means (a) when used with respect to a party to a Sublease or Participation Agreement, the State of Colorado, acting by and through the State Treasurer and the Assistance Board acting on behalf of the State; (b) when used with respect to a party to a Lease or any other document other than a Sublease or Participation Agreement, the State of Colorado, acting by and through the State Treasurer; and (c) when used in any other context, the State of Colorado.

"*State Board*" means the State Board of Education created and existing pursuant to section 1 of article IX of the State Constitution.

"*State Expense Fund*" means the special fund created by Section 3.03 of the Master Indenture.

"*State Representative*" means the (a) the State Treasurer; (b) the Deputy Treasurer; or (c) any other officer or employee of the State authorized by law or by a writing signed by the State Treasurer to act as a State Representative under the Leases, the Indenture, the Site Leases, the Subleases and the Participation Agreements.

"*State Treasurer*" means the State Treasurer of the State, which State Treasurer is, pursuant to C.R.S. § 24-36-101, chief executive officer of the Department of the Treasury of the State.

"*State's Purchase Option Price*" means, when the term is used to refer to the State's Purchase Option Price in a Lease, the amount that the State must pay to purchase the interest of the Trustee in all the Leased Property subject to such Lease pursuant to Section 8.01 of such Lease.

"*Stripped*" when used with respect to a Certificate means that a Principal Strip, Interest Strip and/or Tax Credit Strip have been created from such Certificate pursuant to a Supplemental Indenture.

"*Stripping*" means the creation of a Principal Strip, Interest Strip and/or Tax Credit Strip from a Certificate pursuant to a Supplemental Indenture.

"*Stripping Request*" means a request delivered by the Owner of a Certificate to the Trustee to create separate Principal Strips, Interest Strips and/or Tax Credit Strips from such Certificate in accordance with a Supplemental Indenture.

"*Sublease*" means a sublease pursuant to which a Participating K-12 Institution subleases Leased Property from the State, as amended or supplemented from time-to-time.

"*Sublease Term*" means the period of time during which a Sublease is in force and effect as set forth in Section 3.01 of such Sublease.

"*Sublessee*" means (a) when the term is used in or to refer to a particular Sublease, the Participating K-12 Institution that is subleasing the Leased Property subject to the Sublease from the State pursuant to the Sublease; and (b) when the term is used in a Lease, the Indenture or another document, any Participating K-12 Institution that is subleasing Leased Property from the State pursuant to a Sublease.

"*Sublessee Representative*" means a Person identified as such in a Sublessee's Sublease or any Person appointed as Sublessee Representative by the Person identified as such in such Sublease.

"*Sublessee's Purchase Option Price*" means (a) when the term is used to refer to the Sublessee's Purchase Option Price under any Sublease with respect to Leased Property subject to the 2009A Lease, the amount that the Sublessee must pay to purchase the interest of the Trustee in all the Leased Property subject to such Sublease following an Event of Default or Event of Nonappropriation under the 2009A Lease pursuant to Section 8.01 of such Sublease; and (b) when the term is used to refer to the Sublessee's Purchase Option Price under any Sublease with respect to Leased Property subject to the 2010B-C Lease, the 2010D-F Lease, the 2012H Lease, the 2013I Lease, the 2017J Lease, the 2017K Lease, the Series 2018L Lease, the Series 2018M Lease, the Series 2018N Lease, or the 2019O Lease, the amount that the Sublessee must pay to purchase the interest of the Trustee in all the Leased Property subject to such Sublease following an Event of Default or Event of Nonappropriation under such Lease pursuant to Section 9.01 of such Sublease.

"*Supplemental Indenture*" means any indenture supplementing or amending the Indenture that is adopted pursuant to Article VIII of the Master Indenture.

"*Supplemental Interest*" means, with respect to any Tax Credit Qualified School Construction Certificate, interest payable from the date such Certificate is first executed and delivered, at the rate set forth in the Supplemental Indenture authorizing the Series of Certificates of which such Certificate is a part.

"*Tax Credit*" means the federal tax credit that the Owner of a Tax Credit Qualified School Construction Certificate or a Tax Credit Build America Certificate has the right to claim with respect to such Certificate under the Code.

"*Tax Credit Allowance Date*" means, with respect to each Qualified School Construction Certificate and any Tax Credit Strip relating to a Tax Credit Qualified School Construction Certificate, (a) each March 15, June 15, September 15, and December 15, beginning on the date of issuance of the Qualified School Construction Certificate through the date such Tax Credit Qualified School Construction Certificate matures or is redeemed and (b) the date on which such Tax Credit Qualified School Construction Certificate matures or is redeemed.

"*Tax Credit Build America Certificate*" means any Certificate of any Series designated as Tax Credit Build America Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

"*Tax Credit Component*" means the right of the Owner of a Tax Credit Build America Certificate or a Tax Credit Qualified School Construction Certificate, or if such Certificate has been Stripped the Owner of the related Tax Credit Strip, to claim the Tax Credit with respect to such Certificate.

"*Tax Credit Coupon*" means the coupon attached to a Tax Credit Build America Certificate or a Tax Credit Qualified School Construction Certificate evidencing the right to claim a Tax Credit with respect to such Certificate.

"*Tax Credit Qualified School Construction Certificate*" means any of the Series 2009A Certificates and any Certificate of any other Series designated as a Tax Credit Qualified School Construction Certificate in the Supplemental Indenture authorizing the issuance of such other Series of Certificates of which such Certificate is a part.

"*Tax Credit Rate*" means, with respect to any Tax Credit Qualified School Construction Certificate, the credit rate as of the date on which there is a binding, written contract for the initial sale and exchange of such Certificate, as published by the United State Bureau of Public Debt on its Internet site for State and Local Government Series securities at: https://www.treasurydirect.gov.

"*Tax Credit Strip*" means an instrument evidencing the right to receive the tax credit available to the owner of a Tax Credit Qualified School Construction Certificate or Tax Credit Build America Certificate independently of the right to receive the principal of or the interest on such Tax Credit Qualified School Construction Certificate or Tax Credit Build America Certificate.

"*Tax-Exempt Certificate*" means any Certificate of any Series of Certificates designated as Tax-Exempt Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

"*Tax Treatment Designation*" means the designation assigned to a Series of Certificates in the Supplemental Indenture authorizing the Series of Certificates as Taxable Build America Certificates, Tax Credit Build America Certificates, Taxable No Tax Credit Certificates, Tax-Exempt Certificates, Tax Credit Qualified School Construction Certificates or Taxable Qualified School Construction Certificates.

"*Taxable Build America Certificate*" means any Certificate of any Series of Certificates designated as Taxable Build America Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

"*Taxable Build America Certificates Tax Law Change*" means legislation has been enacted by the Congress of the United States or passed by either House of the Congress, or a decision has been rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement has been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, the effect of which would be to suspend, reduce or terminate the Federal Direct Payment from the United States Treasury to the State with respect to the Taxable Build America Certificates or to state or local government issuers generally with respect to obligations of the general character of the Taxable Build America Certificates pursuant to Sections 54AA or 6431 of the Code of Federal Direct Payments equal to 35% of the interest payable on each interest payment date; provided that such suspension, reduction or termination of the Federal Direct Payments is not due to a failure by the State to comply with the requirements under the Code to receive such Federal Direct Payments.

"*Taxable No Tax Credit Certificate*" means any Certificate of any Series designated as Taxable No Tax Credit Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

"*Taxable Qualified School Construction Certificate*" means any Certificate of any Series of Certificates designated as Taxable Qualified School Construction Certificates in the Supplemental Indenture authorizing the issuance of the Series of Certificates of which such Certificate is a part.

"*Taxable Qualified School Construction Certificates Tax Law Change*" means legislation has been enacted by the Congress of the United States or passed by either House of the Congress, or a decision has been rendered by a court of the United States, or an order, ruling, regulation (final, temporary or proposed) or official statement has been made by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency of appropriate jurisdiction, the effect of which would be to suspend, reduce or terminate the Federal Direct Payment from the United States Treasury to the State with respect to the Taxable Build America Certificates or to state or local government issuers generally with respect to obligations of the general character of the Taxable Build America Certificates pursuant to Sections 64F or 6431 of the Code of Federal Direct Payments equal to the lesser of (a) 100% of the interest payable on each Taxable Qualified School Construction Certificate on each interest payment date and (b) the amount of interest which would have been payable on the such Taxable Qualified School Construction Certificate on such interest payment date if such rate were the Tax Credit Rate; provided that such suspension, reduction or termination of the Federal Direct Payments is not due to a failure by the State to comply with the requirements under the Code to receive such Federal Direct Payments.

"*Total Scheduled Base Rent*" means, (a) with respect to any Base Rent Payment Date under the 2009A Lease, the 2009A Sinking Fund Principal component of Base Rent payable pursuant to the 2009A Lease on such Base Rent Payment Date; (b) with respect to any Base Rent Payment Date under the 2010B-C Lease, the sum of the Amortizing Principal, Series 2010B

Interest and Series 2010C Interest components of Base Rent payable pursuant to the 2010B-C Lease on such Base Rent Payment Date; (c) with respect to any Base Rent Payment Date under the 2010D-F Lease, the sum of the Amortizing Principal, Series 2010D Sinking Fund Principal, Series 2010D Interest, Series 2010E Interest and Series 2010F Interest components of Base Rent payable pursuant to the 2010D-F Lease on such Base Rent Payment Date; (d) with respect to any Base Rent Payment Date under the 2012H Lease, the sum of the Amortizing Principal and Series 2012H Interest components of Base Rent payable pursuant to the 2012H Lease on such Base Rent Payment Date; (e) with respect to any Base Rent Payment Date under the 2013I Lease, the sum of the Amortizing Principal and Series 2013I Interest components of Base Rent payable pursuant to the 2013I Lease on such Base Rent Payment Date; (f) with respect to any Base Rent Payment Date under the 2017J Lease, the sum of the Amortizing Principal and Series 2017J Interest components of Base Rent payable pursuant to the 2017J Lease on such Base Rent Payment Date; (g) with respect to any Base Rent Payment Date under the 2017K Lease, the sum of the Amortizing Principal and Series 2017K Interest components of Base Rent payable pursuant to the 2017K Lease on such Base Rent Payment Date; (h) with respect to any Base Rent Payment Date under the 2018L Lease, the sum of the Amortizing Principal and Series 2018L Interest components of Base Rent payable pursuant to the 2018L Lease on such Base Rent Payment Date; (i) with respect to any Base Rent Payment Date under the 2018M Lease, the sum of the Amortizing Principal and Series 2018M Interest components of Base Rent payable pursuant to the 2018M Lease on such Base Rent Payment Date; (j) with respect to any Base Rent Payment Date under the 2018N Lease, the sum of the Amortizing Principal and Series 2018N Interest components of Base Rent payable pursuant to the 2018N Lease on such Base Rent Payment Date; and (k) with respect to any Base Rent Payment Date under the 2019O Lease, the sum of the Amortizing Principal and Series 2019O Interest components of Base Rent payable pursuant to the 2019O Lease on such Base Rent Payment Date.

"*Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date

"*Trust Bank*" means a commercial bank which is authorized to exercise and is exercising trust powers located within or without the State, and also means any branch of the Federal Reserve Bank.

"*Trust Estate*" means the property placed in trust by the Trustee pursuant to Section 1.01 of the Master Indenture.

"*Trustee*" means Zions Bancorporation, National Association, acting in the capacity of trustee pursuant to the Indenture, and any successor thereto appointed under the Indenture.

"*Trustee Representative*" means any officer of the Trustee; and any other person or persons designated to act on behalf of the Trustee under the Leases, the Indenture, the Site Leases, the Subleases and the Participation Agreements by a written certificate furnished to the State Treasurer containing the specimen signature of such person and signed on behalf of the Trustee by any officer of the Trustee. The identity of the Trustee Representative may be changed by the Trustee from time to time by furnishing a new certificate to the State Treasurer.

"*2009A Lease*" means the State of Colorado Building Excellent Schools Today Series 2009A Lease Purchase Agreement dated as of August 12, 2009 between the Trustee and the State, as amended or supplemented from time to time.

"*2009A Leased Property*" means the Leased Property subject to the 2009A Lease.

"*2009A Participating K-12 Institutions*" means Alamosa School District Re-11J, Sangre De Cristo School District Re-22J and Sargent School District Re-33J.

"*2009A Project Accounts*" means the Project Accounts into which proceeds of the Series 2009A Certificates are deposited.

"*2009A Projects*" means the Projects financed with proceeds of the Series 2009A Certificates.

"*2009A Site Leases*" means the Site Leases between the Trustee and the 2009A Participating K-12 Institutions as Site Lessors, as amended or supplemented from time to time.

"*2009A Subleases*" means the Subleases between the State and the 2009A Sublessees as Sublessees, as amended or supplemented from time to time.

"*2009A Sublessees*" means the 2009A Participating K-12 Institutions in their capacities as Sublessees under the 2009A Subleases.

"*2010B-C Certificates*" means the Series 2010B Certificates and the Series 2010C Certificates, collectively.

"*2010B-C Lease*" means the State of Colorado Building Excellent Schools Today Series 2010B-C Lease Purchase Agreement dated as of March 16, 2010 between the Trustee and the State, as amended or supplemented from time to time.

"*2010B-C Leased Property*" means the Leased Property subject to the 2010B-C Lease.

"*2010B-C Participating K-12 Institutions*" means Alta Vista Charter School, Colorado School for the Deaf and Blind, Crestone Charter School, Inc., Delta County School District 50J, Douglas County School District Number Re-1, El Paso County School District No. 8, Miami Yoder School District JT-60, Park County School District Re-2, San Juan School District No. 1 and Swink School District No. 33.

"*2010B-C Project Accounts*" means the Project Accounts into which proceeds of the Series 2010B-C Certificates are deposited.

"*2010B-C Projects*" means the Projects financed with proceeds of the Series 2010B-C Certificates.

"*2010B-C Site Leases*" means the Site Leases between the Trustee and the 2010B-C Site Lessors, as amended or supplemented from time to time.

"2010B-C Site Lessors" means Lamar School District RE-2, Colorado School for the Deaf and Blind, Delta County School District 50J, Douglas County School District Number Re-1, El Paso County School District No. 8, Miami Yoder School District JT-60, Park County School District Re-2, San Juan School District No. 1 and Swink School District No. 33.

"*2010B-C Subleases*" means the Subleases between the State and the 2010B-C Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2010B-C Sublessees*" means the 2010B-C Participating K-12 Institutions other than Crestone Charter School, Inc. in their capacities as Sublessees under the 2010B-C Subleases.

"*2010D-F Certificates*" means the Series 2010D Certificates, the Series 2010E Certificates and the Series 2010F Certificates, collectively.

"*2010D-F Lease*" means the State of Colorado Building Excellent Schools Today Series 2010D-F Lease Purchase Agreement dated as of December 16, 2010 between the Trustee and the State, as amended or supplemented from time to time.

"*2010D-F Leased Property*" means the Leased Property subject to the 2010D-F Lease.

"*2010D-F Participating K-12 Institutions*" means Akron School District No. R-1, Center Joint Consolidated School District No. 26, Holly School District RE-3, Lake George Charter School, School District No. 1 in the County of Adams (MAPLETON 1), Monte Vista Consolidated School District No. 8, North Routt Community Charter School, Salida School District R-32-J and Vista Charter School.

"*2010D-F Project Accounts*" means the Project Accounts into which proceeds of the Series 2010D-F Certificates are deposited.

"*2010D-F Projects*" means the Projects financed with proceeds of the Series 2010D-F Certificates.

"*2010D-F Site Leases*" means the Site Leases between the Trustee and the 2010D-F Site Lessors, as amended or supplemented from time to time.

"2010D-F Site Lessors" means Akron School District No. R-1, Center Joint Consolidated School District No. 26, Holly School District RE-3, Park County School District RE-2, School District No. 1 in the County of Adams (MAPLETON 1), Monte Vista Consolidated School District No. 8, North Routt Community Charter School, Salida School District R-32-J and Vista Charter School.

"*2010D-F Subleases*" means the Subleases between the State and the 2010D-F Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2010D-F Sublessees*" means the 2010D-F Participating K-12 Institutions in their capacities as Sublessees under the 2010D-F Subleases.

"*2011G Certificates*" means the Series 2011G Certificates.

"*2011G Lease*" means, (a) prior to the amendment and restatement thereof by the 2017K Lease, the State of Colorado Building Excellent Schools Today Series 2011G Lease Purchase Agreement dated as of December 8, 2011 between the Trustee and the State, as amended or supplemented from time to time., and (b) thereafter, the 2017K Lease.

"*2011G Leased Property*" means the Leased Property subject to the 2011G Lease.

"*2011G Participating K-12 Institutions*" means Arapahoe County School District No. 1, Big Sandy School District No. 100J, Eagle County Charter Academy, Ellicott School District No. 22, Horizons K-8 School, Idalia RJ-3 School District, Ignacio School District No. 11 JT, Sanford School District No. 6J, School District No. RE-11 in the County of Weld and State of Colorado and The Laurent Clerc Educational Fund of Colorado d/b/a Rocky Mountain Deaf School.

"*2011G Project Accounts*" means the Project Accounts into which proceeds of the Series 2011G Certificates are deposited.

"*2011G Projects*" means the Projects financed with proceeds of the Series 2011G Certificates.

"*2011G Site Leases*" means the Site Leases between the Trustee and the 2011G Site Lessors, as amended or supplemented from time to time.

"2011G Site Lessors" means Arapahoe County School District No. 1, Big Sandy School District No. 100J, Boulder Valley School District No. RE 2, Eagle County School District No. RE 50, Ellicott School District No. 22, Idalia RJ-3 School District, Ignacio School District No. 11 JT, Sanford School District No. 6J and School District No. RE-11 in the County of Weld and State of Colorado.

"*2011G Subleases*" means the Subleases between the State and the 2011G Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2011G Sublessees*" means the following 2011G Participating K-12 Institutions in their capacities as Sublessees under the 2011G Subleases: Arapahoe County School District No. 1, Big Sandy School District No. 100J, Eagle County Charter Academy, Ellicott School District No. 22, Horizons K-8 School, Idalia RJ-3 School District, Ignacio School District No. 11 JT, Sanford School District No. 6J and School District No. RE-11 in the County of Weld and State of Colorado.

"*2012H Certificates*" means the Series 2012H Certificates.

"*2012H Lease*" means the State of Colorado Building Excellent Schools Today Series 2012H Lease Purchase Agreement dated as of December 6, 2012 between the Trustee and the State, as amended or supplemented from time to time.

"*2012H Leased Property*" means the Leased Property subject to the 2012H Lease.

"*2012H Participating K-12 Institutions*" means Elbert School District No. 200, Genoa-Hugo School District No. C-113, Greeley School District No. 6, Hi-Plains School District R-23, Lake County School District No. R-1, Montezuma-Cortez School District No. RE1, Otis School District No. R-3, Platte Valley School District No. RE3 and Sheridan School District No. 2.

"*2012H Project Accounts*" means the Project Accounts into which proceeds of the Series 2012H Certificates are deposited.

"*2012H Projects*" means the Projects financed with proceeds of the Series 2012H Certificates.

"*2012H Site Leases*" means the Site Leases between the Trustee and the 2012H Site Lessors, as amended or supplemented from time to time.

"*2012H Site Lessors*" means the 2012H Participating Institutions in their capacities as Site Lessors under the 2012H Site Leases.

"*2012H Subleases*" means the Subleases between the State and the 2012H Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2012H Sublessees*" means the 2012H Participating K-12 Institutions in their capacities as Sublessees under the 2012H Subleases.

"*2013I Certificates*" means the Series 2013I Certificates.

"*2013I Lease*" means the State of Colorado Building Excellent Schools Today Series 2013I Lease Purchase Agreement dated as of December 9, 2013 between the Trustee and the State, as amended or supplemented from time to time.

"*2013I Leased Property*" means the Leased Property subject to the 2013I Lease.

"*2013I Participating K-12 Institutions*" means Creede School District, Haxtun School District RE-2J, Kim Reorganized School District No. 88, Limon School District No. RE 4J, Moffat School District No. 2, in the County of Saguache and State of Colorado, and South Conejos School District No. RE-10.

"*2013I Project Accounts*" means the Project Accounts into which proceeds of the Series 2013I Certificates are deposited.

"*2013I Projects*" means the Projects financed with proceeds of the Series 2013I Certificates.

"*2013I Site Leases*" means the Site Leases between the Trustee and the 2013I Site Lessors, as amended or supplemented from time to time.

"*2013I Site Lessors*" means the 2013I Participating Institutions in their capacities as Site Lessors under the 2013I Site Leases.

"*2013I Subleases*" means the Subleases between the State and the 2013I Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2013I Sublessees*" means the 2013I Participating K-12 Institutions in their capacities as Sublessees under the 2013I Subleases.

"*2015 Lease*" means the State of Colorado Building Excellent Schools Today 2015 Lease Purchase Agreement dated as of February 12, 2015 between the Trustee and the State, as amended or supplemented from time to time.

"*2015 Leased Property*" means the Leased Property subject to the 2015 Lease.

"*2015 Participating K-12 Institution*" means Morgan County School District No. Re-3.

"*2015 Project*" means the Project financed with moneys in the 2015 Project Account.

"*2015 Project Account*" means the Project Account created by Section 3.02(e) of the Master Indenture.

"*2015 Site Lease*" means the Site Lease between the Trustee and the 2015 Site Lessor, as amended or supplemented from time to time.

"*2015 Site Lessor*" means the 2015 Participating K-12 Institution in its capacity as Site Lessor under the 2015 Site Lease.

"*2015 Sublease*" means the Sublease between the State and the 2015 Sublessee, as amended or supplemented from time to time.

"*2015 Sublessee*" means the 2015 Participating K-12 Institution in its capacity as Sublessee under the 2015 Sublease.

"*2015 Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today 2015 Supplemental Trust Indenture dated as of February 12, 2015, as it may be amended or supplemented from time to time by a Supplemental Indenture or otherwise.

"*2017J Certificates*" means the Series 2017J Certificates.

"*2017J Lease*" means the State of Colorado Building Excellent Schools Today Series 2017J Lease Purchase Agreement dated as of December 7, 2017 between the Trustee and the State, as amended or supplemented from time to time.

"*2017J Leased Property*" means the Leased Property subject to the 2017J Lease.

"*2017J Participating K-12 Institutions*" means Brush School District No. RE-2J, Del Norte School District No. C-7, Mancos School District RE-6, and Mountain Valley School District No. RE-1.

"*2017J Project Accounts*" means the Project Accounts into which proceeds of the Series 2017J Certificates are deposited.

"*2017J Projects*" means the Projects financed with proceeds of the Series 2017J Certificates.

"*2017J Site Leases*" means the Site Leases between the Trustee and the 2017J Site Lessors, as amended or supplemented from time to time.

"*2017J Site Lessors*" means the 2017J Participating Institutions in their capacities as Site Lessors under the 2017J Site Leases.

"*2017J Subleases*" means the Subleases between the State and the 2017J Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2017J Sublessees*" means the 2017J Participating K-12 Institutions in their capacities as Sublessees under the 2017J Subleases.

"*2017K Certificates*" means the Series 2017K Certificates.

"*2017K Lease*" means the State of Colorado Building Excellent Schools Today Series 2017K Amended and Restated Lease Purchase Agreement dated as of December 7, 2017 between the Trustee and the State, as amended or supplemented from time to time.

"*2017K Leased Property*" means the Leased Property subject to the 2017K Lease.

"*2017K Participating K-12 Institutions*" means the 2011G Participating K-12 Institutions.

"*2017K Site Leases*" means the 2011G Site Leases, as amended or supplemented from time to time.

"*2017K Site Lessors*" means the 2011G Site Lessors.

"*2017K Subleases*" means the 2011G Subleases, as amended or supplemented from time to time.

"*2017K Sublessees*" means the 2011G Sublessees.

"*2018L Certificates*" means the Series 2018L Certificates.

"*2018L Lease*" means the State of Colorado Building Excellent Schools Today Series 2018L Amended and Restated Lease Purchase Agreement dated as of September 18, 2018 between the Trustee and the State, as amended or supplemented from time to time.

"*2018L Leased Property*" means the Leased Property subject to the 2018L Lease.

"*2018L Participating K-12 Institutions*" means the 2010B-C Participating K-12 Institutions.

"*2018L Site Leases*" means the 2010B-C Site Leases, as amended or supplemented from time to time.

"*2018L Site Lessors*" means the 2010B-C Site Lessors.

"*2018L Subleases*" means the 2010B-C Subleases, as amended or supplemented from time to time.

"*2018L Sublessees*" means the 2010B-C Sublessees.

"*2018M Certificates*" means the Series 2018M Certificates.

"*2018M Lease*" means the State of Colorado Building Excellent Schools Today Series 2018M Amended and Restated Lease Purchase Agreement dated as of September 18, 2018 between the Trustee and the State, as amended or supplemented from time to time.

"*2018M Leased Property*" means the Leased Property subject to the 2018M Lease.

"*2018M Participating K-12 Institutions*" means the 2010D-F Participating K-12 Institutions.

"*2018M Site Leases*" means the 2010D-F Site Leases, as amended or supplemented from time to time.

"*2018M Site Lessors*" means the 2010D-F Site Lessors.

"*2018M Subleases*" means the 2010D-F Subleases, as amended or supplemented from time to time.

"*2018M Sublessees*" means the 2010D-F Sublessees.

"*2018N Certificates*" means the Series 2018N Certificates.

"*2018N Lease*" means the State of Colorado Building Excellent Schools Today Series 2018N Lease Purchase Agreement dated as of December 6, 2018 between the Trustee and the State, as amended or supplemented from time to time.

"*2018N Leased Property*" means the Leased Property subject to the 2018N Lease.

"*2018N Participating K-12 Institutions*" means Adams County School District 14, Buena Vista School District No. R-31, School District Fremont RE-1, Hayden School District RE-1, Cheyenne County School District R-1, School District No. 1 in the County of Adams (Mapleton Public Schools), Swallows Charter Academy K-12 and Wray School District RD-2.

"*2018N Project Accounts*" means the Project Accounts into which proceeds of the Series 2018N Certificates are deposited.

"*2018N Projects*" means the Projects financed with proceeds of the Series 2018N Certificates.

"*2018N Site Leases*" means the Site Leases between the Trustee and the 2018N Site Lessors, as amended or supplemented from time to time.

"*2018N Site Lessors*" means the 2018N Participating Institutions in their capacities as Site Lessors under the 2018N Site Leases.

"*2018N Subleases*" means the Subleases between the State and the 2018N Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2018N Sublessees*" means the 2018N Participating K-12 Institutions in their capacities as Sublessees under the 2018N Subleases.

"*2019O Certificates*" means the Series 2019O Certificates.

"*2019O Lease*" means the State of Colorado Building Excellent Schools Today Series 2019O Lease Purchase Agreement dated as of December 5, 2019 between the Trustee and the State, as amended or supplemented from time to time.

"*2019O Leased Property*" means the Leased Property subject to the 2019O Lease.

"*2019O Participating K-12 Institutions*" means Adams County School District No. 1, Adams County, Colorado, Aurora, Joint District No. 28 of the Counties of Adams and Arapahoe, Lake County School District R-1, Manzanola, Joint District No. 3J, of the Counties of Otero and Crowley, North Conejos School District No. RE1J, and Yuma School District-1.

"*2019O Project Accounts*" means the Project Accounts into which proceeds of the Series 2019O Certificates are deposited.

"*2019O Projects*" means the Projects financed with proceeds of the Series 2019O Certificates.

"*2019O Site Leases*" means the Site Leases between the Trustee and the 2019O Site Lessors, as amended or supplemented from time to time.

"*2019O Site Lessors*" means the 2019O Participating Institutions in their capacities as Site Lessors under the 2019O Site Leases.

"*2019O Subleases*" means the Subleases between the State and the 2019O Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2019O Sublessees*" means the 2019O Participating K-12 Institutions in their capacities as Sublessees under the 2019O Subleases.

"*Unexpended Proceeds Redemption*" means any redemption of Certificates of a Series of Qualified School Construction Certificates pursuant to the applicable redemption provisions of a Supplemental Indenture as a result of the failure to expend the Available Project Proceeds within the Available Project Proceeds Expenditure Period.

"*Work*" for each Project is defined in the Sublease or Participation Agreement of the Participating K-12 Institution for which such Project was financed.

FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2019O LEASE PURCHASE AGREEMENT

by and between

ZIONS BANCORPORATION, NATIONAL ASSOCIATION
solely in its capacity as Trustee under the Indenture identified herein,
as lessor

and

STATE OF COLORADO,
acting by and through the State Treasurer,
as lessee

Dated as of December 5, 2019

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STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2019O LEASE PURCHASE AGREEMENT

This State of Colorado Building Excellent Schools Today Series 2019O Lease Purchase Agreement (this "Lease") is dated as of December 5, 2019 and is entered into by and between, Zions Bancorporation, National Association, a national banking association duly organized and validly existing under the laws of the United States, solely in its capacity as trustee under the Indenture (the "Trustee"), as lessor, and the State of Colorado, acting by and through the State Treasurer (the "State"), as lessee. ***Capitalized terms used but not defined in this Lease have the meanings assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated August 12, 2009, as such Glossary has been amended, supplemented and restated by the Glossary attached to the State of Colorado Building Excellent Schools Today Series 2019O Supplemental Trust Indenture dated as of December 5, 2019 and as it may further be amended, supplemented and restated from time to time***.

RECITALS

A. The State Treasurer, on behalf of the State and on the instructions of the Assistance Board, is authorized by the Act (a) to enter into one or more Building Excellent Schools Today Lease Purchase Agreements with a commercial bank as trustee to finance Projects for Eligible K-12 Institutions that are recommended by the Assistance Board and approved by the State Board for financing under the Act and (b) to enter into a Sublease or Participation Agreement with each such Eligible K-12 Institution with respect to the financing of its Project and, in the case of a Sublease, with respect to the subleasing of the Leased Property improved by the Eligible K-12 Institution's Project to such Eligible K-12 Institution. Each Participating K-12 Institution is an Eligible K-12 Institution and is authorized under applicable law, its governing documents, if relevant, and action of its Governing Body to enter into a Sublease or Participation Agreement with respect to its Project and, if it is entering into a Sublease, to enter into a Sublease with respect to the Leased Property subject to such Sublease.

B. The Assistance Board has recommended and the State Board has approved the financing of the 2019O Projects for the 2019O Participating K-12 Institutions under the Act. The Assistance Board has instructed the State Treasurer to enter into a Building Excellent Schools Today Lease Purchase Agreement on behalf of the State to finance the 2019O Projects for the 2019O Participating K-12 Institutions and to enter into a Sublease or Participation Agreement with each 2019O Participating Institution.

C. The Leased Property of each Participating K-12 Institution that is entering into a Sublease will be leased to the Trustee pursuant to a Site Lease from the Participating K-12 Institution or, in certain cases where the Participating K-12 Institution is a Charter School, the Chartering Authority of such Participating K-12 Institution. All the Leased Property will be leased by the Trustee to the State Treasurer, acting on behalf of the State, pursuant to this Lease, which is a Building Excellent Schools Today Lease Purchase Agreement, with the Trustee, which is a commercial bank.

D. Certificates have been and will be issued pursuant to the Indenture. Proceeds of the Certificates have been and will be used pursuant to the terms of the Indenture to finance all or a portion of the Costs of the Projects of the Participating K-12 Institutions. The following Series of Certificates have been or are being issued pursuant to the Indenture: the Series 2009A Certificates were issued to finance the 2009A Projects of the 2009A Participating K-12 Institutions, the Series 2010B Certificates and the Series 2010C Certificates (collectively referred to as the 2010B-C Certificates) were issued to finance the 2010B-C Projects for the 2010B-C Participating K-12 Institutions, the Series 2010D Certificates, the Series 2010E Certificates and the Series 2010F Certificates (collectively referred to as the Series 2010D-F Certificates) were issued to finance the 2010D-F Projects for the 2010D-F Participating K-12 Institutions, the Series 2011G Certificates were issued to finance the 2011G Projects of the 2011G Participating K-12 Institutions, the Series 2012H Certificates were issued to finance the 2012H Projects for the 2012H Participating K-12 Institutions, the Series 2013I Certificates were issued to finance the 2013I Projects for the 2013I Participating K-12 Institutions, the Series 2017J Certificates were issued to finance the 2017J Projects for the 2017J Participating K-12 Institutions, the Series 2017K Certificates were issued to refund and defease in advance of their respective maturities the Series 2011G Certificates, the Series 2018L Certificates were issued to refund and defease in advance of their respective maturities the Series 2010B Certificates, the Series 2018M Certificates were issued to refund and defease in advance of their respective maturities the Series 2010E Certificates, the Series 2018N Certificates were issued to finance the 2018N Projects for the 2018N Participating K-12 Institutions, and the Series 2019O Certificates are being issued to finance the 2019O Projects for the 2019O Participating K-12 Institutions.

AGREEMENT

For and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto hereby agree as follows:

ARTICLE I

CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS

Section 1.01. Representations, Covenants and Warranties by Trustee. The Trustee hereby certifies, represents and agrees that all the certifications, representations and agreements of the Trustee set forth in Section 6.01 of the Master Indenture are true and accurate and makes the same certifications, representations and agreements under this Lease as if set forth in full herein.

Section 1.02. Certifications, Representations and Agreements by State. The State certifies, represents and agrees that:

(a) Each Participating K-12 Institution is an Eligible K-12 Institution. Each Project is a capital construction project as defined in the Act.

(b) The Assistance Board has recommended, and the State Board has approved, the provision of financial assistance as defined in the Act, to each Participating K-12 Institution for its Project in accordance with the Act. This Lease is a Building

Excellent Schools Today Lease Purchase Agreement that is being entered into by the State Treasurer on behalf of the State pursuant to instructions from the Assistance Board to the State Treasurer in order to provide financial assistance as defined in the Act to each Participating K-12 Institution for its Project approved by the Assistance Board and the State Board in the amount approved by the Assistance Board, all in accordance with the Act.

(c) Each Participating K-12 Institution is providing Matching Moneys in the amount approved by the Assistance Board for the financial assistance provided to it pursuant to this Lease, which Matching Moneys will be credited to the Assistance Fund.

(d) The maximum total amount of annual lease payments payable by the State during any Fiscal Year under this Lease and all other outstanding Building Excellent Schools Today Lease Purchase Agreements is less than the maximum total amount of annual lease payments set forth below. If the maximum total amount of annual lease payments of principal or interest payable by the State during any Fiscal Year under this Lease and all other outstanding Building Excellent Schools Today Lease Purchase Agreements is greater than one-half of the maximum amount of annual lease purchase payments set forth below, the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund pursuant to §§ 22-43.7-110(2)(c) and 22-43.7-104(2)(b)(IV) of the Act and any interest or income derived from the deposit and investment of the Matching Moneys is at least equal to the annual amount of lease payments of principal and interest payable by the State during any Fiscal Year under this Lease and all other outstanding Building Excellent Schools Today Lease Purchase Agreements that exceed one-half of the maximum total amount of annual lease payments set forth below. The maximum total amount of annual lease payments referenced above are:

(i) $20 million for the 2008-09 Fiscal Year;

(ii) $40 million for the 2009-2010 Fiscal Year;

(iii) $60 million for the 2010-2011 Fiscal Year;

(iv) $80 million for the 2011-12 Fiscal Year and for each Fiscal Year thereafter through the 2015-16 Fiscal Year;

(v) $90 million for the 2016-17 Fiscal Year;

(vi) $100 million for the 2017-18 and 2018-19 Fiscal Years;

(vii) $105 million for the 2019-20 Fiscal Year; and

(viii) $110 million for the 2020-21 Fiscal Year and for each Fiscal Year thereafter.

(e) The State will not enter into any Building Excellent Schools Today Lease Purchase Agreements that will cause the maximum total amount of annual lease payments payable by the State during any Fiscal Year under this Lease and all other outstanding Building Excellent Schools Today Lease Purchase Agreements to exceed the amounts permitted under paragraph (d) of this Section unless the Act is amended to permit larger amounts, in which case such amounts may be increased to the larger amounts permitted by the Act as amended.

(f) **[reserved]**

(g) The State Treasurer has provided written notice to the Joint Budget Committee of the Colorado General Assembly that the State Treasurer has determined that the use of interest or income on the deposit and investment of moneys in the State Public School Fund to make lease payments under a lease purchase agreement entered into pursuant to § 24-43.7-110(2) of the Act will prevent the interest component of the lease payments from qualifying for exemption from federal income taxation. The State Treasurer has not rescinded such determination.

(h) This Lease, the financial assistance to Participating K-12 Institutions pursuant to this Lease and the financing pursuant to this Lease, the Series 2009A Certificates, the 2010B-C Certificates, the 2010D-F Certificates, the 2011G Certificates, the 2012H Certificates, the 2013I Certificates, the 2017J Certificates, the 2017K Certificates, the 2018L Certificates, the 2018M Certificates, the 2018N Certificates, and the 2019O Certificates, comply with the applicable provisions of the Act.

(i) The State is authorized under the Act to lease the Leased Property from the Trustee and to execute, deliver and perform its obligations under this Lease.

(j) The State has received all approvals and consents required for the State's execution, delivery and performance of its obligations under this Lease and for the financing of the Projects pursuant to this Lease and the Indenture.

(k) This Lease has been duly executed and delivered by the State and is valid and binding obligation enforceable against the State in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(l) The execution, delivery and performance of this Lease by the State does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the State is now a party or by which the State is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the State or, except as specifically provided in this Lease, the Indenture, the Subleases, the Participation Agreements or the Site Leases, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the State.

(m) There is no litigation or proceeding pending or threatened against the State or any other Person affecting the right of the State to execute, deliver or perform the obligations of the State under this Lease.

(n) Each Participating K-12 Institution that is a charter school is a governmental entity and a public school of a school district that is a political subdivision of the State governed by Colorado law and a Charter granted or entered into by its Chartering Authority pursuant to which the property of such charter school reverts to such Chartering Authority upon expiration or termination of such charter. The other Participating K-12 Institutions are State agencies or school districts that are political subdivisions of the State. Benefits received by the Participating K-12 Institutions and the Chartering Authorities by the leasing of the Leased Property by the State pursuant to this Lease accrue to the State. The Participating K-12 Institutions, the Chartering Authorities and the State will receive economic and other benefits by the leasing of the Leased Property by the State pursuant to this Lease. The initial Leased Property is, and any Leased Property substituted for the initial Leased Property will be, property that is necessary and essential to the purposes and operations of the Participating K-12 Institutions, the Chartering Authorities and the State. The State expects that the Leased Property will adequately serve the needs for which it is being leased throughout the Scheduled Lease Term.

(o) The Rent payable in each Fiscal Year during the Lease Term is not more than the fair value of the use of the Leased Property during such Fiscal Year. The Rent payable in any Fiscal Year during the Lease Term does not exceed a reasonable amount so as to place the State under an economic compulsion to take any of the following actions in order to avoid forfeiting such excess (i) to continue this Lease beyond such Fiscal Year, (ii) not to exercise its right to terminate this Lease at any time through an Event of Nonappropriation or (iii) to exercise any of its options to purchase the Leased Property hereunder. The State's Purchase Option Price for the Leased Property pursuant to Section 8.01 hereof is the State's best estimate of the fair purchase price of such Leased Property at the time of exercise of the State's option to purchase such Leased Property by paying the State's Purchase Option Price. The Scheduled Lease Term and the final maturity of the Series 2019O Certificates do not exceed the weighted average useful life of the real property improvements included in the Leased Property. In making the representations, covenants and warranties set forth above in this subsection, the State has given due consideration to the Projects, the purposes for which the Leased Property will be used by the State and the Sublessees, the benefits to the State and the Sublessees from the use of the Leased Property, the State's options to purchase the Leased Property hereunder and the terms of this Lease governing the use of the Leased Property.

(p) The State presently intends and expects to continue this Lease annually until title to the Leased Property is acquired by the State pursuant to this Lease; but this representation does not obligate or otherwise bind the State.

(q) The State is not aware of any current violation of any Requirement of Law relating to the Leased Property.

(r) The State has appropriated sufficient moneys in the Assistance Fund to pay (i) the Base Rent payable in the current Fiscal Year; and (ii) the Additional Rent estimated to be payable in the current Fiscal Year that it does not expect to pay from the State Expense Fund.

(s) The certifications, representation and agreements set forth in the tax compliance certificate executed by the State in connection with the issuance of the Series 2019O Certificates are hereby incorporated in the Lease as if set forth in full in this subsection.

ARTICLE II

DEMISING CLAUSE; ENJOYMENT OF LEASED PROPERTY

Section 2.01. Demising Clause. The Trustee demises and leases the Trustee's leasehold estate under the Site Leases in the land described in Exhibit A hereto (the "Land" for purposes of this Lease) and the buildings, structures and improvements now and hereafter located on the Land (together with the Land, the "Leased Property" for purposes of this Lease) to the State in accordance with the terms of this Lease, subject only to Permitted Encumbrances, to have and to hold for the Lease Term.

Section 2.02. Enjoyment of Leased Property. The Trustee covenants that, during the Lease Term and so long as no Event of Default hereunder shall have occurred, the State shall peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Trustee, except as expressly required or permitted by this Lease.

ARTICLE III

LEASE TERM; TERMINATION OF LEASE

Section 3.01. Lease Term.

(a) The Lease Term is the Initial Term and successive one year Renewal Terms, subject to subsection (b) of this Section.

(b) The Lease Term shall expire upon the earliest of any of the following events:

(i) the last day of the month in which the final Base Rent payment is scheduled to be paid in accordance with Exhibit B hereto;

(ii) June 30 of the Initial Term or June 30 of any Renewal Term during which, in either case, an Event of Nonappropriation has occurred;

(iii) the purchase of all the Leased Property by the State pursuant to Section 8.01 hereof; or

(iv) termination of this Lease following an Event of Default in accordance with Section 11.02(a) hereof.

Section 3.02. Effect of Termination of Lease Term. Upon termination of the Lease Term:

(a) all unaccrued obligations of the State hereunder shall terminate, but all obligations of the State that have accrued hereunder prior to such termination shall continue until they are discharged in full; and

(b) if the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default, the State's right to possession of the Leased Property hereunder shall terminate and (i) the State shall, within 90 days, vacate the Leased Property; and (ii) if and to the extent the Colorado General Assembly has appropriated funds for payment of Rent payable during, or with respect to the State's use of the Leased Property during, the period between termination of the Lease Term and the date the Leased Property is vacated pursuant to clause (i), the State shall pay Base Rent to the Trustee and Additional Rent to the Person entitled thereto.

ARTICLE IV

PROJECTS OF SUBLESSEES

Section 4.01. Sublessees' Obligations to Construct Projects of Sublessees. Each Sublessee has agreed in its Sublease to construct the Project that is to improve the Leased Property subject to such Sublease in accordance with Article IV of its Sublease.

Section 4.02. State's Obligation to Construct Projects of Sublessees. The State hereby agrees (a) to cause the Project of each Sublessee to be constructed in accordance with Article IV of the applicable Sublease and (b) to comply with all of the covenants of each Sublessee set forth in Article IV of such Sublease as if Article IV of such Sublease were set forth in full in this Lease with the State named wherever the Sublessee is named.

Section 4.03. State Obligated Regardless of Sublessee's Actions. The State may comply with Section 4.02 hereof with respect to a Project by causing the Sublessee to comply with Article IV of its Sublease, but no failure of any Sublessee to comply with any provision of Article IV of its Sublease shall relieve the State of any of the State's obligations to the Trustee under Section 4.02 hereof.

ARTICLE V

RENT; EVENT OF NONAPPROPRIATION

Section 5.01. Base Rent.

(a) ***Obligation to Pay Base Rent***. The State shall, subject only to the remainder of this Section and the other Sections of this Article, pay Base Rent directly to the Trustee during the Lease Term in immediately available funds. The Base Rent is composed of the following components: (i) Amortizing Principal; and (ii) Series 2019O Interest. The Amortizing Principal and the Series 2019O Interest components of Base Rent (collectively, the "Total Scheduled Base Rent") are payable in the amounts and on the Base Rent Payment Dates set forth on Exhibit B. The amounts payable as Series 2019O Interest are designated and paid as, and represent payment of, interest.

(b) **[reserved]**

(c) ***Credits Against Base Rent***.

(i) The Base Rent payable on any Base Rent Payment Date shall be reduced by the following credits:

(A) any moneys in the Principal Account that are not held to pay the redemption price of Certificates for which a notice of redemption has been delivered shall be credited against the amount of Amortizing Principal and the total Base Rent payable on any Base Rent Payment Date; and

(B) any moneys in the Interest Account that are not held to pay the redemption price of Certificates for which a notice of redemption has been delivered shall be credited against the interest components of Base Rent and the total Base Rent payable on such Base Rent Payment Date.

(ii) Thirty days prior to each Base Rent Payment Date, the Trustee shall notify the State as to the exact amounts, if any, on deposit in each account of the Certificate Fund that will be credited, pursuant to clause (i) above, against components of and total Base Rent payable on such Base Rent Payment Date. If further amounts that are to be credited against the components of and total Base Rent payable on such Base Rent Payment Date accrue during such 30 day period, such amounts shall be carried over to be applied as a reduction of such components of and total Base Rent payable on the next succeeding Base Rent Payment Date.

(d) ***Application of Base Rent***. Upon receipt by the Trustee of each payment of Base Rent, the Trustee shall apply the amount of such payment:

(i) *first*, each payment of Base Rent designated and paid as interest, plus the amount of any past due interest on the 2019O Certificates, shall be deposited into the Interest Account; and

(ii) *second*, the amount of each payment of Base Rent designated and paid as Amortizing Principal shall be deposited into the Principal Account.

Section 5.02. Additional Rent. The State shall, subject only to Sections 6.01(b) and 7.02(b) hereof and the other Sections of this Article, pay Additional Rent directly to the Persons to which it is owed (which, in the case of payments required to be made to fund the Rebate Fund pursuant to the Indenture, is the Trustee) in immediately available funds in the amounts and on the dates on which they are due.

Section 5.03. Unconditional Obligations. The obligation of the State to pay Base Rent during the Lease Term shall, subject only to the other Sections of this Article, and the obligation of the State to pay Additional Rent during the Lease Term shall, subject only to Sections 6.01(b) and 7.02(b) hereof and the other Sections of this Article, including, without limitation, Sections 5.04, 5.05 and 13.16 hereof, be absolute and unconditional and shall not be abated or offset for any reason related to the Leased Property. Notwithstanding any dispute between the State and the Trustee or between the State or the Trustee and any other Person relating to the Leased Property, the State shall, during the Lease Term, pay all Rent when due; the State shall not withhold any Rent payable during the Lease Term pending final resolution of such dispute and shall not assert any right of set off or counter claim against its obligation to pay Rent, provided, however, that the payment of any Rent shall not constitute a waiver by the State of any rights, claims or defenses which the State may assert; and no action or inaction on the part of the Trustee shall affect the State's obligation to pay Rent during the Lease Term.

Section 5.04. Event of Nonappropriation.

(a) The officer of the State who is responsible for formulating budget proposals with respect to payment of Rent is hereby directed (i) to estimate the Additional Rent payable in the next ensuing Fiscal Year prior to the submission of each annual budget proposal to the Colorado General Assembly during the Lease Term and (ii) to include in each annual budget proposal submitted to the Colorado General Assembly during the Lease Term the entire amount of Base Rent scheduled to be paid and the Additional Rent estimated to be payable during the next ensuing Fiscal Year; it being the intention of the State that any decision to continue or to terminate this Lease shall be made solely by the Colorado General Assembly, in its sole discretion, and not by any other department, agency or official of the State.

(b) An Event of Nonappropriation shall be deemed to have occurred, subject to the State's right to cure pursuant to subsection (c) of this Section, on June 30 of any Fiscal Year if the Colorado General Assembly has, on such date, failed, for any reason, to appropriate sufficient amounts authorized and directed to be used to pay all Base Rent scheduled to be paid and all Additional Rent estimated to be payable in the next ensuing Fiscal Year.

(c) Notwithstanding subsection (b) of this Section, an Event of Nonappropriation shall not be deemed to occur if, on or before August 15 of the next ensuing Fiscal Year, (i) the Colorado General Assembly has appropriated or otherwise authorized the expenditure of amounts sufficient to avoid an Event of Nonappropriation under subsection (b) of this Section and (ii) the State has paid all Rent due during the period from June 30 through the date of such appropriation or authorization.

(d) If the State shall determine to exercise its annual right to terminate this Lease effective on June 30 of any Fiscal Year, the State shall give written notice to such effect to the Trustee not later than April 1 of such Fiscal Year; provided, however, that a failure to give such notice shall not (i) constitute an Event of Default, (ii) prevent the State from terminating this Lease or (iii) result in any liability on the part of the State.

(e) The State shall furnish the Trustee with copies of all appropriation or expenditure authorization measures relating to Rent or the Purchase Option Price promptly upon the adoption thereof by the Colorado General Assembly, but not later than 30 days following the adoption thereof by the Colorado General Assembly; provided however, that a failure to furnish copies of such measures shall not (i) constitute an Event of Default, (ii) prevent the State from terminating this Lease or (iii) result in any liability on the part of the State.

Section 5.05. Limitations on Obligations of the State.

(a) Payment of Rent and all other payments by the State shall constitute currently appropriated expenditures of the State and may be paid solely from legally available moneys in the Assistance Fund, including any moneys appropriated or transferred by the Colorado General Assembly to the Assistance Fund in accordance with the Act from any legally available source if the amount of money in the Assistance Fund that is available to pay Rent will be insufficient to cover the full amount of Rent. All obligations of the State under this Lease shall be subject to the action of the Colorado General Assembly in annually making moneys available for payments hereunder. The obligations of the State to pay Rent and all other obligations of the State hereunder are subject to appropriation by the Colorado General Assembly in its sole discretion, and shall not be deemed or construed as creating an indebtedness of the State within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the State and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the State within the meaning Section 20(4) of Article X of the State Constitution. In the event the State does not renew this Lease, the sole security available to the Trustee, as lessor under this Lease, shall be the Leased Property.

(b) The State's obligations under the Lease shall be subject to the State's annual right to terminate this Lease upon the occurrence of an Event of Nonappropriation.

(c) The Certificates evidence undivided interests in the right to receive Lease Revenues and shall be payable solely from the Trust Estate. No provision of the Certificates, the Indenture, any Lease, any Sublease, any Participation Agreement, any Matching Money Bond, any Site Lease or any other document or instrument shall be construed or interpreted (i) to directly or indirectly obligate the State to make any payment in any Fiscal Year in excess of amounts appropriated by the Colorado General Assembly for Rent for such Fiscal Year; (ii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Section 3 of Article XI, Section 20 of Article X of the State Constitution or any other limitation or provision of the State Constitution, State statutes or other State law; (iii) as a delegation of governmental powers by the State; (iv) as a loan or pledge of the credit or faith of the State or as creating any responsibility by the State for any debt or liability of any person, company or corporation within the meaning of Section 1 of Article XI of the State Constitution; or (v) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Section 2 of Article XI of the State Constitution.

(d) The State shall be under no obligation whatsoever to exercise its option to purchase the Leased Property pursuant to Article VIII hereof.

(e) No provision of this Lease shall be construed to pledge or to create a lien on any class or source of moneys of the State, nor shall any provision of this Lease restrict the future issuance of any obligations of the State, payable from any class or source of moneys of the State; provided, however, that the restrictions set forth in the Indenture shall apply to the issuance of Certificates.

ARTICLE VI

OPERATION, MAINTENANCE AND INSURANCE OF LEASED PROPERTY

Section 6.01. Taxes, Utilities and Insurance.

(a) Except to the extent such expenses are paid by a Sublessee pursuant to its Sublease, the State shall pay, as Additional Rent, all of the following expenses with respect to the Leased Property:

(i) all taxes, assessments and other charges lawfully made by any governmental body, provided that any such taxes, assessments or other charges that may lawfully be paid in installments may be paid in installments as such installments are due;

(ii) all gas, water, steam, electricity, heat, power and other utility charges incurred in connection with the Leased Property;

(iii) casualty and property damage insurance with respect to the Leased Property in an amount equal to the full replacement value of the Leased Property;

(iv) public liability insurance with respect to the activities to be undertaken by the State and the Sublessees in connection with the Leased Property and this Lease: (A) to the extent such activities result in injuries for which immunity is available under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq.* or any successor statute, in an amount not less than the amounts for which the State and the Sublessees may be liable to third parties under such Act and (B) for all other activities, in an amount not less than $1,000,000 per occurrence.

(b) Except for Permitted Encumbrances, the State shall not allow any liens for taxes, assessments, other governmental charges or utility charges to exist with respect to any portion of the Leased Property. If the State or the Sublessee shall first notify the Trustee of the intention of the State or the Sublessee to do so, the State or the Sublessee may, however, in good faith contest any such tax, assessment, other governmental charge or utility charge and, in the event of any such contest, may permit the tax, assessment, other governmental charge or utility charge so contested to remain unpaid during the period of such contest and any appeal therefrom, unless the Trustee shall notify the State or the Sublessee that, in the opinion of Independent Counsel, whose fees and expenses shall be paid by the State or the Sublessee, as applicable, by nonpayment of any such item the interest of the Trustee in the Leased Property will be materially interfered with or endangered or the Leased Property or any portion thereof will be subject to loss or forfeiture, in which event such tax, assessment, other governmental charge or utility charge shall be paid forthwith; provided, however, that such payment shall not constitute a waiver of the right to continue to contest such tax, assessment, other governmental charge or utility charge. At the request of the State or the Sublessee, the Trustee will cooperate fully with the State and the Sublessee in any such contest.

(c) The insurance policies provided pursuant to subsection (a) of this Section shall meet the following conditions: (i) any insurance policy may have a deductible clause in an amount deemed reasonable by the State; (ii) each insurance policy shall be provided by an insurer that, at the time such policy is obtained or renewed, is rated "A" by A.M. Best or in the two highest rating categories of S&P and Moody's; (iii) each insurance policy shall be so written or endorsed as to make losses, if any, payable to the State, the Sublessee and the Trustee, as their respective interests may appear; (iv) each insurance policy shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the State, the Sublessee or the Trustee without first giving written notice thereof to the State, the Sublessee and the Trustee at least 30 days in advance of such cancellation or modification; (v) upon request, each insurance policy, or each certificate evidencing such policy, shall be provided to the Trustee; (vi) full payment of insurance proceeds under any insurance policy up to the dollar limit required by this Section in connection with damage to the Leased Property shall, under no circumstance, be contingent on the degree of damage sustained at other property owned or leased by the State or any Sublessee; and (vii) each insurance policy shall explicitly waive any coinsurance penalty.

(d) The insurance required by this Section may be provided under blanket insurance policies which insure not only the risks required to be insured hereunder but also other similar risks or through a self-insurance program.

(e) The Leased Property is not covered by the State risk management program. The Sublessees of the Leased Property have agreed in their Subleases to provide insurance required by this Section with respect to the Leased Property subject to their Subleases pursuant to the Colorado School Districts Self Insurance Pool or in another manner permitted by their Subleases. The State's obligations with respect to insurance shall only apply if and to the extent a Sublessee fails to provide the required insurance in accordance with its Sublease.

Section 6.02. Maintenance and Operation of Leased Property. The State shall maintain, preserve and keep the Leased Property, or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, subject to normal wear and tear, shall operate the Leased Property, or cause the Leased Property to be operated, in an efficient manner and at a reasonable cost, and shall make or cause to be made all necessary and proper repairs, except as otherwise provided in Sections 7.05 and 7.07 hereof.

ARTICLE VII

TITLE TO LEASED PROPERTY; ENCUMBRANCES, EASEMENTS, MODIFICATIONS, SUBSTITUTION, DAMAGE, PERSONAL PROPERTY

Section 7.01. Title to Leased Property. Title to the leasehold estate in the Leased Property under each Site Lease shall be held in the name of the Trustee, subject to such Site Lease and this Lease, until the leasehold estate in such Leased Property under such Site Lease is conveyed or otherwise disposed of as provided herein, and the State shall have no right, title or interest in the Leased Property except as expressly set forth herein.

Section 7.02. Limitations on Disposition of and Encumbrances on Leased Property.

(a) Except as otherwise permitted in this Article or Article VIII or XI hereof and except for Permitted Encumbrances, (i) neither the Trustee nor the State shall sell, assign, transfer or convey any portion of or any interest in the Leased Property or directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, and (ii) the State shall promptly take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim.

(b) Notwithstanding subsection (a) of this Section, if the State or the Sublessee shall first notify the Trustee of the intention of the State or the Sublessee to do so, the State or the Sublessee may in good faith contest any such mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, and in the event of any such contest, may permit the item so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Trustee shall notify the State and, if the Sublessee has notified the Trustee pursuant to this Section, the Sublessee that, in the opinion of Independent Counsel, whose fees shall be paid by the State or the Sublessee, as applicable, by failing to discharge or satisfy such item the interest of the Trustee in the Leased Property will be materially interfered with or endangered, or the Leased Property or any part thereof will be subject to loss or forfeiture, in which event such item shall be satisfied and discharged forthwith; provided, however, that such satisfaction and discharge shall not constitute a waiver by the State or the Sublessee of the right to continue to contest such item. At the request of the State or the Sublessee, the Trustee will cooperate fully with the State and the Sublessee in any such contest.

Section 7.03. Granting of Easements. As long as no Event of Nonappropriation or Event of Default shall have happened and be continuing, the Trustee shall, at the request of the State or the Sublessee:

(a) consent to the grant of easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to the Leased Property, free from this Lease, the Indenture and the Subleases and any security interest or other encumbrance created hereunder or thereunder;

(b) consent to the release of existing easements, licenses, rights of way and other rights and privileges with respect to the Leased Property, free from this Lease, the Indenture and the Subleases and any security interest or other encumbrance created hereunder or thereunder, with or without consideration; and

(c) execute and deliver any instrument necessary or appropriate to confirm and grant or release any easement, license, right of way or other grant or privilege under subsection (a) or (b) of this Section, upon receipt of: (i) a copy of the instrument of grant or release; and (ii) a written application signed by the State Representative or the Sublessee Representative of the Sublessee requesting such instrument and stating that such grant or release will not materially adversely affect the value, or interfere with the effective use or operation, of the Leased Property.

Section 7.04. Subleasing and Other Grants of Use. The State may sublease portions of the Leased Property to Sublessees pursuant to Subleases and such Sublessees may further sublease or otherwise grant the right to use the portion of the Leased Property subleased to it to another Person, but only if:

(a) the Sublease includes the covenant by the Sublessee described in Section 9.04 hereof;

(b) the sublease or grant of use by the Sublessee complies with the covenant in the Sublease described in clause (a) above; and

(c) the obligations of the State under this Lease shall remain obligations of the State, and the State shall maintain its direct relationship with the Trustee, notwithstanding any such Sublease, sublease or grant of use.

Section 7.05. Modification of Leased Property. The State, at its own expense, may remodel, or make substitutions, additions, modifications or improvements to, the Leased Property, provided that: (a) such remodeling, substitutions, additions, modifications and additions (i) shall not in any way damage such portion of the Leased Property as it existed prior thereto and (ii) shall become part of the Leased Property; (b) the value of the Leased Property after such remodeling, substitutions, additions, modifications and additions shall be at least as great as the value of the Leased Property prior thereto; (c) the Leased Property, after such remodeling, substitutions, additions, modifications and additions, shall continue to be used as provided in, and shall otherwise be subject to the terms of, this Lease.

Section 7.06. Substitution of Other Property for Leased Property. The State may at any time substitute other property for any portion of the Leased Property upon delivery to the Trustee of the items listed below. Upon delivery thereof, the Trustee shall execute and deliver any documents or instruments requested by the State to accomplish the substitution. The items are:

(a) A certificate by the State certifying that, following such substitution, either (i) the Fair Market Value of the substituted property, determined as of the date of substitution, is equal to or greater than the Fair Market Value of the property for which it is substituted; or (ii) the Fair Market Value of all the Leased Property will be at least equal to 90% of the principal amount of the Outstanding Certificates, both determined as of the date the substitution occurs. Such certifications of the State may be given based and in reliance upon certifications by the Site Lessors that leased the Leased Property to the Trustee pursuant to the Site Leases.

(b) A title insurance policy, an amendment or supplement to a previously issued title insurance policy or a commitment to issue such a policy, amendment or supplement that would allow the appropriate Sublessee and the State to make the title insurance representations set forth in the form of Project Account requisition attached as Appendix A to the Master Indenture.

(c) A certificate by the State or the Sublessee of the substituted property certifying that (i) the useful life of the substituted property extends to or beyond the final maturity of the Certificates of the same Series designation as this Lease and (ii) the substituted property is at least as essential to the State, the Sublessee or another Sublessee as the property for which it was substituted.

(d) An opinion of Bond Counsel to the effect that such substitution is permitted by this Lease and will not cause the State to violate its tax covenant set forth in Section 9.04 hereof.

Section 7.07. Property Damage, Defect or Title Event.

(a) If a Property Damage, Defect or Title Event occurs with respect to any portion of the Leased Property, the Net Proceeds received as a consequence thereof shall be deposited into a special trust fund held by the Trustee.

(b) If the costs of the repair, restoration, modification, improvement or replacement of the portion of the Leased Property affected by the Property Damage, Defect or Title Event are equal to or less than the Net Proceeds, the Net Proceeds shall be used promptly to repair, restore, modify, improve or replace the affected portion of the Leased Property and any excess shall be delivered to the State.

(c) If the costs of the repair, restoration, modification, improvement or replacement of the portion of the Leased Property affected by the Property Damage, Defect or Title Event are more than the Net Proceeds, then the State shall elect one of the following alternatives:

> (i) to use the Net Proceeds and other moneys paid by the State, subject to Article V hereof, as Additional Rent to promptly repair, restore, modify or improve or replace the affected portion of the Leased Property with property of a value equal to or in excess of the value of such portion of the Leased Property;

(ii) to substitute property for the affected portion of the Leased Property pursuant to Section 7.06 hereof, in which case the Net Proceeds shall be delivered to the State; or

(iii) to use the Net Proceeds to promptly repair, restore, modify or improve or replace the affected portion of the Leased Property to the extent possible with the Net Proceeds.

(d) The State shall not voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or any action relating to default or breach of warranty under any contract relating to any portion of the Leased Property without the written consent of the Trustee.

(e) No Property Damage, Defect or Title Event shall affect the obligation of the State to pay Rent hereunder except as otherwise provided in subsection (c)(i) hereof.

Section 7.08. Condemnation by State. The State agrees that, to the extent permitted by law, in the event it brings an eminent domain or condemnation proceeding with respect to the Leased Property, such proceeding shall be with respect to all the Leased Property and the value of the Leased Property for purposes of such proceeding shall be not less than the State's Purchase Option Price determined pursuant to Section 8.01 hereof.

Section 7.09. Personal Property of Sublessee. The State, at its own expense, may install equipment and other personal property in or on any portion of the Leased Property under all the Building Excellent Schools Today Lease Purchase Agreements, which equipment or other personal property shall not become part of the Leased Property unless it is permanently affixed to the Leased Property or removal of it would materially damage the Leased Property, in which case it will become part of the Leased Property.

ARTICLE VIII

STATE'S PURCHASE OPTION; CONVEYANCE TO STATE AT END OF LEASE TERM; SUBLESSEES' PURCHASE OPTIONS

Section 8.01. State's Option to Purchase All Leased Property in Connection with Defeasance of 2019O Certificates.

(a) The State is hereby granted the option to purchase all, but not less than all, of the Leased Property subject to this Lease in connection with the defeasance of all the 2019O Certificates by paying to the Trustee the State's Purchase Option Price (defined below), subject to compliance with all conditions to the defeasance of the 2019O Certificates under the Indenture, including, but not limited to, the receipt of an opinion of Bond Counsel that the defeasance will not cause an Adverse Tax Event. The "State's Purchase Option Price" for purposes of a purchase of all the Leased Property pursuant to this Section is an amount sufficient (i) to defease all the 2019O Certificates in accordance with the defeasance provisions of the Indenture and (ii) to pay all Additional Rent payable through the date on which the Leased Property is conveyed to the State or its designee pursuant to this Article, including, but not limited to, all fees and expenses of the Trustee relating to the conveyance of the Leased Property and the payment, redemption or defeasance of the Outstanding 2019O Certificates; provided, however, that (A) the State's Purchase Option Price shall be reduced by the moneys, if any, in the funds and accounts created under the Master Indenture (except the Rebate Fund and any existing defeasance escrows accounts established pursuant to Section 9.01 of the Master Indenture) that are available for deposit in the defeasance escrow account established pursuant to Section 9.01 of the Master Indenture for the 2019O Certificates; and (B) if any 2019O Certificates have been paid, redeemed or defeased with the proceeds of another Series of Certificates, in applying this subsection, Outstanding Certificates of the Series of Certificates the proceeds of which were used to pay, redeem or defease the 2019O Certificates shall be substituted for the 2019O Certificates that were paid, redeemed or defeased, which substitution shall be accomplished in any reasonable manner selected by the State in its sole discretion.

(b) In order to exercise its option to purchase the Leased Property pursuant to this Section, the State must: (i) give written notice to the Trustee (A) stating that the State intends to purchase the Leased Property pursuant to this Section, (B) identifying the source of funds it will use to pay the State's Purchase Option Price and (C) specifying a closing date for such purpose which is at least 30 and no more than 90 days after the delivery of such notice; and (ii) pay the State's Purchase Option Price to the Trustee in immediately available funds on the closing date.

Section 8.02. [Reserved].

Section 8.03. Conveyance of Leased Property. At the closing of any purchase of Leased Property pursuant to Section 8.01 hereof, the Trustee shall execute and deliver to the State all necessary documents assigning, transferring and conveying to the State the same ownership interest in the purchased Leased Property that was conveyed to the Trustee, subject only to the following: (i) Permitted Encumbrances, other than this Lease, the Indenture, the Subleases and the Site Leases; (ii) all liens, encumbrances and restrictions created or suffered to exist by the Trustee as required or permitted by this Lease, the Indenture and Site Lease pursuant to which the Leased Property was leased to the Trustee or arising as a result of any action taken or omitted to be taken by the Trustee as required or permitted by this Lease, the Indenture and the Site Leases; (iii) any lien or encumbrance created or suffered to exist by action of the State or any Sublessee of the Leased Property to be purchased; and (iv) those liens and encumbrances (if any) to which the Leased Property purchased by the State pursuant to this Article was subject when acquired by the Trustee.

Section 8.04. Conveyance of Leased Property to State at End of Scheduled Lease Term. If all Base Rent scheduled to be paid through the end of the Scheduled Lease Term, all Additional Rent payable through the date of conveyance of the Leased Property to the State pursuant to this Section shall have been paid, all the 2019O Certificates have been paid in full in accordance with the Indenture and all other amounts payable pursuant to the Indenture and this Lease have been paid, the Leased Property that remains subject to this Lease shall be assigned, transferred and conveyed to the State at the end of the Scheduled Lease Term in the manner described in Section 8.03 hereof without any additional payment by the State.

Section 8.05. Purchase Options of Sublessees and Chartering Authorities. Upon the occurrence of an Event of Default or Event of Nonappropriation under this Lease, each Sublessee and the Chartering Authority of each Sublessee that is a charter school has the option to purchase the Leased Property that is subject to its Sublease as provided in Article IX and Section 14.22 of such Sublease. The Trustee agrees to notify each Sublessee and the Chartering Authority of each Sublessee that is a charter school upon the occurrence of an Event of Default or Event of Nonappropriation under this Lease and to comply with the provisions of Article IX and Section 14.22 of each Sublease.

ARTICLE IX

GENERAL COVENANTS

Section 9.01. Further Assurances and Corrective Instruments. So long as this Lease is in full force and effect and no Event of Nonappropriation or Event of Default shall have occurred, the Trustee and the State shall have full power to carry out the acts and agreements provided herein and the State and the Trustee, at the written request of the other, shall from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property leased or intended to be leased hereunder, or for otherwise carrying out the intention of or facilitating the performance of this Lease.

Section 9.02. Compliance with Requirements of Law. On and after the date hereof, neither the State nor the Trustee shall take any action with respect to the Leased Property that violates the terms hereof or is contrary to the provisions of any Requirement of Law. Without limiting the generality of the preceding sentence, the State, in particular, shall use the Leased Property in a manner such that (a) the Leased Property at all times is operated in compliance with all Requirements of Law; (b) all permits required by Requirements of Law in respect of the State's use of the Leased Property are obtained, maintained in full force and effect and complied with; (c) there shall be no hazardous substance, pollutant or contaminant (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, et seq., any applicable state law or regulations promulgated under either), solid or hazardous waste (as defined in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq., any applicable state law or regulations promulgated under either), special waste, petroleum or petroleum derived substance, radioactive material or waste, polychlorinated biphenyls, asbestos or any constituent of any of the foregoing located on, in or under the Leased Property in violation of any Requirements of Law; (d) there shall be no disposal of any of the items referred to in clause (c) on, from, into or out of the Leased Property in violation of any Requirements of Law; and (e) there shall be no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing or dispersing of any of the items referred to in clause (c) into the indoor or outdoor environment from, into or out of the Leased Property, including but not limited to the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels, containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in violation of any Requirements of Law.

Section 9.03. Participation in Legal Actions.

(a) At the request of and at the cost of the State (payable as Additional Rent hereunder), the Trustee shall join and cooperate fully in any legal action in which the State or a Sublessee asserts its right to the enjoyment of the Leased Property; that involves the imposition of any charges, costs or other obligations or liabilities on or with respect to the Leased Property or the enjoyment of the Leased Property by the State or such Sublessee; or that involves the imposition of any charges, costs or other obligations with respect to the State's execution, delivery and performance of its obligations under this Lease or such Sublessee's execution, delivery and performance of its obligations under a Site Lease, Sublease or Matching Money Bond.

(b) At the request of the Trustee and upon a determination by the State that such action is in the best interests of the State, the State shall, at the cost of the State (payable as Additional Rent hereunder), join and cooperate fully in any legal action in which the Trustee asserts its ownership of or interest in the Leased Property; that involves the imposition of any charges, costs or other obligations on or with respect to the Leased Property for which the Trustee is responsible hereunder; or that involves the imposition of any charges, costs or other obligations with respect to the execution and delivery or acceptance of this Lease, the Indenture or the Site Leases by the Trustee or the performance of its obligations hereunder or thereunder.

Section 9.04. Tax Covenant of the State. The State (a) will not use or permit any other Person to use the Projects and will not use, invest or direct the Trustee to use or invest proceeds of the Certificates or any moneys in the funds and amounts held by the Trustee under the Indenture in a manner that would cause, or take any other action that would cause, an Adverse Tax Event and (b) will comply with the certifications, representations and agreements set forth in the tax compliance certificate executed by the State in connection with the 2019O Certificates. The State (i) will require each Participating K-12 Institution to covenant in its Sublease or Participation Agreement that (A) such Participating K-12 Institution will not use or permit any other Person to use such Participating K-12 Institution's Project and will not use, invest or direct any other Person to use or invest any moneys that it withdraws from its Project Account in a manner that would cause an Adverse Tax Event and (B) such Participating K-12 Institution will comply with the other certifications, representations and agreements set forth in the Tax Compliance Certificate executed and delivered in connection with its Sublease or Participation Agreement; and (ii) will enforce such covenant against the Participating K-12 Institution.

Section 9.05. Payment of Fees and Expenses of the Trustee. The State shall pay as Additional Rent the reasonable fees and expenses of the Trustee in connection with the Leased Property, the Projects, the Leases, the Indenture, the Certificates, the Site Leases, the Subleases, the Participation Agreements or any matter related thereto, including, but not limited to, costs of defending any claim or action brought against the Trustee or its directors, officers, employees or agents relating to the foregoing, in accordance with the schedule attached hereto as Exhibit C. The State shall not, however, pay any fees or expenses incurred in connection with any action or omission, or any liability incurred in connection with any action or omission that constituted willful misconduct or negligence of the Trustee or its directors, officers, employees or agents.

Section 9.06. Rebate Fund; Rebate Calculations. The State shall pay to the Trustee as Additional Rent the amount required to be paid to the United States of America on any date on which a rebate payment is due to the extent the amount on deposit in the Rebate Fund is not sufficient to make such payment (for purposes of this Section, a "Rebate Fund shortfall"). Any Rebate Fund shortfall shall be payable on or before the date the related payment is due to the United States of America. The State also agrees to make or cause to be made all rebate calculations required pursuant to the Indenture and to pay the costs as Additional Rent.

Section 9.07. Investment of Funds. By authorizing the execution and delivery of this Lease, the State specifically authorizes the investment of moneys held by the Trustee in Permitted Investments (as defined in the Indenture), including Permitted Investments where the period from the date of purchase thereof to the maturity date is in excess of five years.

Section 9.08. [Reserved]

Section 9.09. Glossary. The State hereby directs the Trustee to amend, supplement and restate the Glossary as set forth in the Series 2019O Supplemental Indenture and hereby certifies that, after such amendment, supplement and restatement, the Glossary is accurate and that such amendment, supplement and restatement does not materially modify the substantive provisions of the Indenture, the Leases or the Site Leases.

ARTICLE X

LIMITS ON OBLIGATIONS OF TRUSTEE

Section 10.01. Disclaimer of Warranties. THE TRUSTEE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. In no event shall the Trustee be liable for any incidental, special or consequential damage in connection with or arising out of this Lease or the existence, furnishing, functioning or use by the State of any item, product or service provided for herein.

Section 10.02. Financial Obligations of Trustee Limited to Trust Estate. Notwithstanding any other provision hereof, all financial obligations of the Trustee under this Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

Section 11.01. Events of Default Defined.

(a) Any of the following shall constitute an "Event of Default" under this Lease:

(i) failure by the State to pay any specifically appropriated Base Rent to the Trustee on or before the applicable Base Rent Payment Date; provided, however, that a failure by the State to pay Base Rent on the applicable Base Rent Payment Date shall not constitute an Event of Default if such payment is received by the Trustee on or before the Business Day prior to the first date immediately following the scheduled Base Rent Payment Date on which principal or interest is payable on Certificates;

(ii) failure by the State to pay any Additional Rent for which funds have been specifically appropriated when due, or if such Additional Rent is payable to a Person other than the Trustee, when nonpayment thereof has, or may have, a material adverse effect upon the Certificates, the Leased Property or the interest of the Trustee in the Leased Property;

(iii) failure by the State to vacate the Leased Property subject to this Lease or the Leased Property subject to any other Lease within 90 days following an Event of Nonappropriation under the applicable Lease in accordance with Section 3.02(b) of such Lease;

(iv) any sublease, assignment, encumbrance, conveyance or other transfer of the interest of the State in all or any portion of this Lease or the Leased Property in violation of Section 12.02(a) hereof or any succession to all or any portion of the interest of the State in the Leased Property in violation of Section 12.02(b) hereof;

(v) failure by the State to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (i), (ii), (iii) or (iv) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the State by the Trustee, unless the Trustee shall consent in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee shall not withhold its consent to an extension of such time if corrective action shall be instituted within the applicable period and diligently pursued until the default is corrected; or

(vi) the occurrence of an Event of Default under any other Lease (as the term "Event of Default" is defined in such other Lease).

(b) The provisions of subsection (a) of this Section are subject to the following limitations:

(i) the State shall be obligated to pay Rent only during the Lease Term, except as otherwise expressly provided in Section 3.02(b)(ii) hereof; and

(ii) if, by reason of Force Majeure, the State shall be unable in whole or in part to carry out any agreement on its part herein contained, other than its obligation to pay Rent hereunder, the State shall not be deemed in default during the continuance of such inability; provided, however, that the State shall, as promptly as legally and reasonably possible, remedy the cause or causes preventing the State from carrying out such agreement, except that the settlement of strikes, lockouts and other industrial disturbances shall be solely within the discretion of the State.

Section 11.02. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Trustee may take one or any combination of the following remedial steps:

(a) terminate the Lease Term and give notice to the State to immediately vacate the Leased Property in the manner provided in Section 3.02(b) hereof;

(b) sell or lease its interest in all or any portion of the Leased Property, subject to the Sublessees' purchase options under the Subleases;

(c) recover any of the following from the State that is not recovered pursuant to subsection (b) of this Section:

(i) the portion of Rent payable pursuant to Section 3.02(b)(ii) hereof;

(ii) the portion of Base Rent for the then current Fiscal Year that has been specifically appropriated by the Colorado General Assembly, regardless of when the State vacates the Leased Property; and

(iii) the portion of the Additional Rent for the then current Fiscal Year that has been specifically appropriated by the Colorado General Assembly, but only to the extent such Additional Rent is payable prior to the date, or is attributable to the use of the Leased Property prior to the date, the State vacates the Leased Property;

(d) enforce any provision of this Lease by equitable remedy, including, but not limited to, enforcement of the restrictions on assignment, encumbrance, conveyance, transfer or succession under Article XII hereof by specific performance, writ of mandamus or other injunctive relief; and

(e) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Lease, subject, however, to the limitations on the obligations of the State set forth in Sections 5.05 and 11.03 hereof.

Section 11.03. Limitations on Remedies. A judgment requiring a payment of money may be entered against the State by reason of an Event of Default only as to the State's liabilities described in Section 11.02(c) hereof. A judgment requiring a payment of money may be entered against the State by reason of an Event of Nonappropriation, or a failure to vacate the Leased Property following an Event of Nonappropriation, only to the extent provided in Section 11.02(c)(i) hereof.

Section 11.04. No Remedy Exclusive. Subject to Section 11.03 hereof, no remedy herein conferred upon or reserved to the Trustee is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 11.05. Waivers.

(a) The Trustee may waive any Event of Default under this Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(b) In the event the Trustee waives any Event of Default described in Section 11.01(a)(i) hereof, any subsequent payment by the State of Base Rent then due and owing shall be paid to the Trustee to be applied in accordance with the terms of the Indenture.

ARTICLE XII

TRANSFERS OF INTERESTS IN LEASE OR LEASED PROPERTY

Section 12.01. Trustee's Rights, Title and Interest in Trust for Benefit of Owners; Successor Trustee; Assignment by Trustee. The Trustee shall hold its interest in the Leased Property and its rights, title and interest in, to and under this Lease (other than the Trustee's rights to payment of its fees and expenses and the rights of third parties to Additional Rent payable to them) in trust for the benefit of the Owners pursuant to the Indenture. Any successor trustee under the Indenture shall automatically succeed to previous trustee's interest in the Leased Property and the previous trustee's rights, title, interest and obligations in, to and under this Lease. The Trustee shall not, except as provided in this Section or as otherwise provided elsewhere in this Lease or in the Indenture, assign, convey or otherwise transfer to any Person any of the Trustee's interest in the Leased Property or the Trustee's rights, title or interest in, to or under this Lease.

Section 12.02. Transfer of the State's Interest in Lease and Leased Property Prohibited.

(a) Except as otherwise permitted by Section 7.04 hereof with respect to subleasing or grants of use of the Leased Property, Section 7.06 with respect to substitutions of other property for Leased Property and subsection (b) of this Section with respect to transfers of the Leased Property following termination of this Lease or as otherwise required by law, the State shall not sublease, assign, encumber, convey or otherwise transfer all or any portion of its interest in this Lease or the Leased Property to any Person, whether now in existence or organized hereafter.

(b) Notwithstanding subsection (a) of this Section, the State may transfer its interest in the Leased Property after, and only after, this Lease has terminated and the Leased Property has been conveyed to the State pursuant to Article VIII hereof.

ARTICLE XIII

MISCELLANEOUS

Section 13.01. Binding Effect. This Lease shall inure to the benefit of and shall be binding upon the Trustee and the State and their respective successors and assigns, subject, however, to the limitations set forth in Article XII hereof. The Site Lessor that leased Property to the Trustee and its successors and assigns is an intended third party beneficiary of the covenants of the State in Articles VI and VII and Sections 9.02, 9.03(a) and 12.02 hereof and of the Trustee in Section 9.03(b) hereof. This Lease and the covenants set forth herein are expressly intended to be covenants, conditions and restrictions running with the Leased Property and the leasehold estate in the Leased Property under this Lease.

Section 13.02. Interpretation and Construction. This Lease and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Lease. For purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Lease to designated "Articles," "Sections," "subsections," "paragraphs," "clauses" and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Lease. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities, subject to statutory exceptions and modifications, as in effect from time to time.

(d) The term "money" includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding."

Section 13.03. Acknowledgement of Indenture. The State has received a copy of, and acknowledges the terms of, the Indenture.

Section 13.04. Trustee, State and Sublessee Representatives. Whenever under the provisions hereof the approval of the Trustee, the State or a Sublessee is required, or the Trustee, the State or a Sublessee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, for the State by the State Representative and for the Sublessee by the Sublessee Representative identified in the Sublessee's Sublease and the Trustee, the State and the Sublessees shall be authorized to act on any such approval or request.

Section 13.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the State, to Colorado State Treasurer, 140 State Capitol, 200 E. Colfax Ave., Denver, CO 80203, Attention: Deputy Treasurer, facsimile number: 303-866-2123, with a copy to Colorado State Controller, 1525 Sherman Street, 5th floor, Denver, Colorado 80203, Attention: Robert Jaros, facsimile number: 303-866-4233, electronic mail address: bob.jaros@state.co.us, if to the Trustee, to Zions Bancorporation, National Association, 1001 Seventeenth Street, Suite 850, Denver, Colorado 80202, Attention: Corporate Trust Services facsimile number: 855-547-6178, electronic mail address: denvercorporatetrust@zionsbank.com; and if to any Sublessee or to the Chartering Authority of any Sublessee that is a charter school, to the notice address set forth in the Sublease of such Sublessee. Any notice party may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 13.06. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the State or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the State or the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the State or the Trustee or any natural person executing this Lease or any related document or instrument; provided that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

Section 13.07. Amendments, Changes and Modifications. Except as otherwise provided herein or in the Indenture, this Lease may only be amended, changed, modified or altered by a written instrument executed by the State and the Trustee; and the Trustee shall, if and when requested by the State, execute and deliver any amendment to this Lease proposed by the State upon delivery to the Trustee of an opinion of Bond Counsel stating that such amendment does not violate the Indenture or the Leases.

Section 13.08. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Lease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Lease.

Section 13.09. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to this Lease is set forth in Exhibit A hereto. If the land included in the Leased Property subject to this Lease is modified pursuant to the terms of this Lease or other land is substituted for land included in the Leased Property subject to this Lease pursuant to the terms of this Lease, the legal description set forth in Exhibit A hereto will be amended to describe the land included in the Leased Property subject to this Lease after such modification or substitution.

Section 13.10. Merger. The State, the Trustee, the Site Lessors and the Sublessors intend that the legal doctrine of merger shall have no application to this Lease, any Site Lease or any Sublease and that none of the execution and delivery of this Lease by the Trustee and the State, any such Site Lease by a Site Lessor and the Trustee or any Sublease by the State and a Sublessee or the exercise of any remedies by any party under this Lease, any Site Lease or any Sublease shall operate to terminate or extinguish this Lease, any Site Lease or any Sublease.

Section 13.11. Severability. In the event that any provision of this Lease, other than the obligation of the State to pay Rent hereunder and the obligation of the Trustee to provide quiet enjoyment of the Leased Property and to convey the Leased Property to the State pursuant to Article VIII hereof, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 13.12. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Lease.

Section 13.13. Applicable Law. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of this Lease. Any provision of this Lease, whether or not incorporated herein by reference, which provides for arbitration by an extra judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision hereof or incorporated herein by reference which purports to negate this Section in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this Section will not invalidate the remainder of this Lease to the extent that this Lease is capable of execution. At all times during the performance of this Lease, the Trustee shall strictly adhere to all applicable federal and State laws, rules and regulations that have been or may hereafter be established.

Section 13.14. State Controller's Approval. This Lease shall not be deemed valid until it has been approved by the State Controller or such assistant as the State Controller may designate. Financial obligations of the State payable after the current Fiscal Year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

Section 13.15. Non Discrimination. The Trustee agrees to comply with the letter and the spirit of all applicable State and federal laws respecting discrimination and unfair employment practices.

Section 13.16. Vendor Offset. Pursuant to C.R.S. §§ 24-30-202(1) and 24-30-202.4, the State Controller may withhold payment of certain amounts owed by State agencies under the State's vendor offset intercept system for (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in C.R.S. § 39-21-101 et seq.; (c) unpaid loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) other unpaid debts certified by the State Controller as owing to the State as a result of final agency determination or judicial action.

Section 13.17. Employee Financial Interest. The signatories to this Lease aver that, to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described herein.

Section 13.18. Execution in Counterparts. This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

[remainder of page intentionally left blank]

THE PARTIES HERETO HAVE EXECUTED THIS SERIES 2019O LEASE PURCHASE AGREEMENT AS OF THE DATE FIRST SET FORTH ABOVE

* Person(s) signing hereby swear and affirm that they are authorized to act and acknowledge that the State is relying on their representations to that effect.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, solely in its capacity as trustee under the Indenture By: ______________________________ Authorized Signatory, Zions Bank Division	**STATE OF COLORADO** **Jared S. Polis, GOVERNOR** Department of the Treasury David L. Young, Treasurer ______________________________ By Eric Rothaus, Deputy Treasurer
STATE OF COLORADO **Jared S. Polis, GOVERNOR** Department of Personnel & Administration Office of the State Architect, Real Estate Programs For the Executive Director By: ______________________________ Brandon Ates, Manager of Real Estate Programs	**STATE OF COLORADO** **Jared S. Polis, GOVERNOR** **LEGAL REVIEW** **Phil Weiser, Attorney General** By:______________________________ Lori Ann F. Knutson, First Assistant Attorney General

ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER

C.R.S. §24-30-202 requires the State Controller to approve all State Contracts. This Lease is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If Contractor begins performing prior thereto, the State of Colorado is not obligated to pay Contractor for such performance or for any goods and/or services provided hereunder.

STATE CONTROLLER
Robert Jaros, MBA, CPA, JD

By:______________________________
Robert Jaros, State Controller

Date:____________________

[Signature Page to Lease Purchase Agreement]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ___ day of December, 2019 by _______________, as an authorized signatory of Zions Bancorporation, National Association.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ___ day of December, 2019, by Eric Rothaus, Deputy Treasurer, acting on behalf of the State of Colorado, acting by and through the State Treasurer.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[omitted for form of Series 2019O Lease Purchase Agreement appended to Official Statement]

EXHIBIT B

BASE RENT PAYMENT SCHEDULE

[omitted for form of Series 2019O Lease Purchase Agreement appended to Official Statement]

EXHIBIT C

TRUSTEE’S FEES AND EXPENSES

[omitted for form of Series 2019O Lease Purchase Agreement appended to Official Statement]

FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SITE LEASE OF ____________________

by and between

____________________,
as site lessor

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
solely in its capacity as Trustee under the Indenture identified herein,
as site lessee

Dated as of December 5, 2019

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STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SITE LEASE OF ________________________________

This State of Colorado Building Excellent Schools Today Site Lease (this "Site Lease") is dated as of December 5, 2019 and is entered into by and between ________________________________ (the "Site Lessor"), as lessor, and Zions Bancorporation, National Association, a national banking association duly organized and validly existing under the laws of the United States, solely in its capacity as trustee under the Indenture (the "Trustee"), as lessee. ***Capitalized terms used but not defined in this Site Lease have the meanings assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated August 12, 2009, as such Glossary has been amended, supplemented and restated by the Glossary attached to the State of Colorado Building Excellent Schools Today 2019O Supplemental Trust Indenture dated December 5, 2019 and as it may further be amended, supplemented and restated from time to time***.

RECITALS

A. The Site Lessor owns the land described in attached Exhibit A hereto (the "Land") and the buildings, structures and improvements now or hereafter located on the Land (the Land and such buildings, structures and improvements, collectively, are referred to as the "Leased Property").

B. The Site Lessor is authorized by applicable law, its governing documents, if relevant, and action of its Governing Body to, and will, lease the Leased Property to the Trustee pursuant to this Site Lease. The State Treasurer, on behalf of the State and on the instructions of the Assistance Board, will lease the Leased Property from the Trustee pursuant to the 2019O Lease.

C. The State Treasurer, on behalf of the State, on the instructions of the Assistance Board and as authorized under the Act, will sublease the Leased Property to the Sublessee identified in the Sublease under which the Leased Property is subleased to such Sublessee. Proceeds of the 2019O Certificates issued pursuant to the Indenture will be used to finance the Project of such Sublessee.

AGREEMENT

For and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto hereby agree as follows:

ARTICLE I

CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS

Section 1.01. Representations, Covenants and Warranties by Trustee. The Trustee hereby certifies, represents and agrees that all the certifications, representations and agreements of the Trustee set forth in Section 6.01 of the Master Indenture are true and accurate and makes the same certifications, representations and agreements under this Site Lease as if set forth in full herein.

Section 1.02. Certifications, Representations and Agreements by Site Lessor. The Site Lessor certifies, represents and agrees that:

(a) The Site Lessor is a Participating K-12 Institution or is the Chartering Authority for a Participating K-12 Institution that is a charter school.

(b) The Site Lessor is duly organized, validly existing and in good standing under Colorado law. The Site Lessor is authorized under applicable law, its governing documents, if relevant, and action of its Governing Body to lease the Leased Property to the Trustee pursuant to this Site Lease and to execute, deliver and perform its obligations under this Site Lease.

(c) The Site Lessor is the owner of the fee interest in the Leased Property, subject only to Permitted Encumbrances.

(d) The Site Lessor has received all approvals and consents required for the Site Lessor's execution, delivery and performance of its obligations under this Site Lease.

(e) This Site Lease has been duly executed and delivered by the Site Lessor and is enforceable against the Site Lessor in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(f) The execution, delivery and performance of this Site Lease does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Site Lessor is now a party or by which the Site Lessor is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the Site Lessor, or, except as specifically provided in the 2019O Lease, the Indenture and the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or to a charter school for which the Site Lessor is the Chartering Authority, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the Site Lessor.

(g) There is no litigation or proceeding pending or threatened against the Site Lessor or any other Person affecting the right of the Site Lessor to execute, deliver or perform the obligations of the Site Lessor under this Site Lease.

(h) The Site Lessor will receive economic and other benefits by the leasing of the Leased Property by the Site Lessor pursuant to this Site Lease. The initial Leased Property leased pursuant to this Site Lease is, and any Leased Property substituted for the initial Leased Property will be, property that is necessary and essential to the purposes and operations of the Site Lessor or a Participating K-12 Institution for which the Site Lessor is the Chartering Authority. The Site Lessor expects that the Leased Property will adequately serve the needs for which it is being leased throughout the Scheduled Site Lease Term.

(i) The Site Lessor is not aware of any current violation of any Requirement of Law relating to the Leased Property and accepts full responsibility for any prior or future violations of any Requirement of Law relating to environmental issues relating to the Leased Property.

(j) Minor defects, irregularities, encumbrances and clouds on title as normally exist with respect to property of the general character of the Leased Property that exist with respect to the Leased Property do not materially impair title to the Leased Property.

ARTICLE II

DEMISING CLAUSE; ENJOYMENT OF LEASED PROPERTY

Section 2.01. Demising Clause. The Site Lessor demises and leases the land described in Exhibit A hereto (the "Land" for purposes of this Site Lease) and the buildings, structures and improvements now or hereafter located on the Land (the "Leased Property" for purposes of this Site Lease) to the Trustee in accordance with the terms of this Site Lease, subject only to Permitted Encumbrances, to have and to hold for the Site Lease Term.

Section 2.02. Enjoyment of Leased Property. The Site Lessor covenants that, during the Site Lease Term and so long as no Event of Default hereunder shall have occurred, the Trustee shall peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the Site Lessor, except as expressly required or permitted by this Site Lease.

ARTICLE III

SITE LEASE TERM; TERMINATION OF SITE LEASE

Section 3.01. Site Lease Term.

(a) The Site Lease Term shall commence on the date this Site Lease is executed and delivered and shall expire upon the earliest of any of the following events:

(i) December 5, 2069;

(ii) conveyance of the Leased Property to the Site Lessor pursuant to the Sublease relating to the Leased Property;

(iii) termination of this Site Lease following an Event of Default under this Site Lease in accordance with Section 10.02(a) hereof; or

(iv) cancellation of the Sublease pursuant to which the Leased Property is subleased pursuant to Section 3.03 of such Sublease.

Section 3.02. Effect of Termination of Site Lease Term. Upon termination of the Site Lease Term, all unaccrued obligations of the Trustee hereunder shall terminate, but all obligations of the Trustee that have accrued hereunder prior to such termination shall continue until they are discharged in full.

ARTICLE IV

SITE LESSOR IS THIRD PARTY BENEFICIARY OF CERTAIN COVENANTS OF STATE IN 2019O LEASE

The Site Lessor and its successors and assigns are intended third party beneficiaries of the covenants of the State in Articles VI and VII and Section 9.02, 9.03(b) and 12.02 and of the Trustee in Section 9.03(a) of the 2019O Lease (the "Site Lessor Protection Provisions"). If the 2019O Lease is terminated for any reason, this Site Lease is not terminated and the Trustee leases or subleases all or any portion of the Leased Property or assigns an interest in this Site Lease, as a condition to such lease, sublease or assignment, the lessee, sublessee or assignee must execute an instrument, in form and substance reasonably satisfactory to the Site Lessor, that contains substantially the same covenants as the Site Lessor Protection Provisions and names the Site Lessor and its successors and assigns as intended third party beneficiaries of such covenants. Any provision of this Site Lease that is similar to any of the Site Lessor Protection Provisions shall not be interpreted to limit or restrict the rights of the Site Lessor under this Article.

ARTICLE V

RENT

The Trustee is not obligated to pay any rent under this Site Lease. The consideration to the Site Lessor for the right to use the Leased Property during the Site Lease Term is the deposit of proceeds of the 2019O Certificates into the Project Account held by the Trustee under the Indenture to finance the Project of the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority. The provisions of Article IV of this Site Lease are intended to assure that the State or another lessee, sublessee or assignee pays Additional Rent in accordance with the 2019O Lease or an amount equal to the Additional Rent that would have been paid under the 2019O Lease under another instrument executed and delivered pursuant to Article IV of this Site Lease.

ARTICLE VI

TITLE TO LEASED PROPERTY; ENCUMBRANCES, EASEMENTS, MODIFICATIONS, SUBSTITUTION, DAMAGE, PERSONAL PROPERTY

Section 6.01. Title to Leased Property. Title to the Leased Property shall be held in the name of the Site Lessor, subject to this Site Lease, the 2019O Lease and the Sublease of the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority.

Section 6.02. Limitations on Disposition of and Encumbrances on Leased Property. Except as otherwise permitted in this Article or Article VII or VIII hereof and except for Permitted Encumbrances, the Site Lessor shall not sell, assign, transfer or convey any portion of or any interest in the Leased Property or directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property.

Section 6.03. Granting of Easements. The Site Lessor shall, at the request of the Trustee or the State consent to grants of easements, licenses, rights-of-way and other rights or privileges in the nature of easements with respect to the Leased Property on the same terms and in the same manner as the Trustee is required to do so pursuant to Section 7.03 of the 2019O Lease.

Section 6.04. Subleasing and Other Grants of Use. The Trustee is expressly authorized to lease or sublease the Leased Property to the State pursuant to the 2019O Lease. The State is expressly authorized to sublease the Leased Property to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority as Sublessee pursuant to a Sublease. The Trustee is expressly authorized to lease or sublease the Leased Property to or create other interests in the Leased Property for the benefit of any other Person or Persons in connection with the exercise of the Trustee's remedies under the 2019O Lease and the Indenture following an Event of Default or Event of Nonappropriation under the 2019O Lease.

Section 6.05. Substitution of Other Property for Leased Property. If the State substitutes other real property under the 2019O Lease for any portion of the Site Lessor's Leased Property, the property so substituted under the 2019O Lease may also be substituted for Leased Property under this Site Lease in any manner and on any terms determined by the State in its sole discretion.

Section 6.06. Property Damage, Defect or Title Event. If a Property Damage, Defect or Title Event occurs with respect to any portion of the Leased Property, the Net Proceeds received as a consequence thereof shall be deposited and used in accordance with Section 7.07 of the 2019O Lease.

Section 6.07. Condemnation by State or Site Lessor. In the event the State brings an eminent domain or condemnation proceeding with respect to the Leased Property and the 2019O Lease has not terminated, the terms of Section 7.08 of the 2019O Lease shall apply. In the event the Site Lessor brings an eminent domain or condemnation proceeding with respect to the Leased Property and the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority has not terminated, the terms of Section 8.08 of such Sublease shall apply. If (a) the 2019O Lease or the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority are terminated for any reason, (b) this Site Lease is not terminated and (c) the Trustee leases or subleases all or any portion of the Leased Property or assigns an interest in this Site Lease to a governmental entity that has eminent domain or condemnation powers, such lease or sublease shall include a provision similar to Section 7.08 of the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority.

Section 6.08. Personal Property of Trustee, State and Others. The Trustee, the State, the Sublessee and any other Person who has the right to use the Leased Property under this Site Lease, the 2019O Lease or the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority, at its own expense, may install equipment and other personal property in or on any portion of the Leased Property, which equipment or other personal property shall not become part of the Leased Property unless it is permanently affixed to the Leased Property or removal of it would materially damage the Leased Property, in which case it will become part of the Leased Property.

ARTICLE VII

LICENSES AND SHARED UTILITIES

Section 7.01. Access Licenses. The Site Lessor grants to the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, during the Site Lease Term, a non-exclusive blanket license over, upon and through the roadways, drive lanes, parking areas and sidewalks now or hereafter located on real property owned by the Site Lessor that is adjacent to but not included in the Leased Property (the "Access Area") for the purpose of walking upon, moving equipment and goods and supplies through and driving vehicles upon, over and across all of the sidewalk areas, entrances, drives, lanes and parking areas, alleys and other areas for ingress and egress to and from the Leased Property; provided that such license shall not conflict with or adversely affect the use of the Access Area by the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them. The Trustee grants to the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, a non-exclusive blanket license over, upon and through the roadways, drive lanes, parking areas and sidewalks now or hereafter located on the Leased Property for the purpose of walking upon, moving equipment and goods and supplies through and driving vehicles upon, over and across all of the sidewalk areas, entrances, drives, lanes and parking areas, alleys and other areas for ingress and egress to and from the Access Area; provided that such license shall not conflict with or adversely affect the Trustee's use of the Leased Property.

Section 7.02. Appurtenant Staging Areas Licenses. The Site Lessor grants to the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, during the Site Lease Term, non-exclusive licenses over, upon and through real property owned by the Site Lessor that is adjacent to but not included in the Leased Property (the "Appurtenant Staging Area") for the purposes of constructing, placing, operating and maintaining all necessary pipes, vents, conduits, wires and utilities necessary to maintain and operate the Leased Property and for the maintenance of any nonmaterial encroachments of the improvements constituting the Leased Property; provided that such license shall not adversely affect the use of the Appurtenant Staging Area by the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them. The Trustee grants to the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, during the Site Lease Term, non-exclusive licenses over, upon and through the Leased Property for the purposes of constructing, placing, operating and maintaining all necessary pipes, vents, conduits, wires and utilities necessary to maintain and operate the Appurtenant Staging Area and for the maintenance of any nonmaterial encroachments of the improvements constituting the Appurtenant Staging Area; provided that such license shall not adversely affect the use of the Leased Property by the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them.

Section 7.03. Offsite Parking Licenses. The Site Lessor grants to the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, during the Site Lease Term, a non-exclusive license for the use of areas designated as parking areas, and access to and from such parking areas, now or hereafter located on real property owned by the Site Lessor but not included in the Leased Property (the "Offsite Parking Area") for the purpose of parking of passenger vehicles (buses and similar vehicles excluded) in connection with the use of the Leased Property by the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them; provided that such license shall not conflict with or adversely affect the use of the Offsite Parking Area by the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them; and provided, further that, the Site Lessor reserves the right to implement and enforce reasonable rules and regulations for the use of the Offsite Parking Area, including, without limitation: (a) to direct and regulate vehicular traffic and provide safe vehicular access to and from the Offsite Parking Area; (b) to specify and enforce rules and regulations with regard to the use of the Offsite Parking Area spaces; (c) to designate certain parking spaces to be used only by handicapped drivers, employees or visitors; (d) to implement and enforce parking fees and fines; and (e) to restrict time periods for permitted parking. The Trustee grants to the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them, during the Site Lease Term, a non-exclusive license for the use of areas designated as parking areas, and access to and from such parking areas, now or hereafter located on the Leased Property (the "Onsite Parking Area") for the purpose of parking of passenger vehicles (buses and similar vehicles excluded) in connection with the use of other real property not included in the Leased Property by the Site Lessor and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them; provided that such license shall not conflict with or adversely affect the use of the Onsite Parking Area by the Trustee and its subtenants, successors and assigns, and the tenants, customers, employees and invitees of all of them; and provided, further that, the Trustee reserves the right to implement and enforce reasonable rules and regulations for the use of the Onsite Parking Area similar to those implemented and enforced by the Site Lessor with respect to the Offsite Parking Area.

Section 7.04. Shared Utilities. The Site Lessor agrees to provide the Leased Property with all gas, water, steam, electricity, heat, power and other utilities provided by Site Lessor to the Leased Property on the date hereof on a continuous basis except for periods of repair. The Site Lessor shall be entitled to reimbursement for its actual and reasonable costs incurred in providing such utilities, determined in a fair and reasonable manner based on the use of such utilities by the Leased Property or portions thereof, the operational, maintenance and repair costs of such utilities elements and any costs to acquire or relocate any easements or lines relating to or used in connection with the operation of such utilities. Pursuant to the 2019O Lease, the State has agreed to reimburse the Trustee for such costs during the Lease Term of the 2019O Lease. Pursuant to the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority, the Sublessee under such Sublease, has agreed to reimburse the State for such costs during the Sublease Term of such Sublease. If, (a) the 2019O Lease is terminated for any reason, (b) this Site Lease is not terminated and (c) the Trustee leases or subleases all or any portion of the Leased Property or assigns an interest in this Site Lease, the lessee, sublessee or assignee, as a condition to such lease, sublease or assignment, must agree to reimburse the Site Lessor for such costs.

ARTICLE VIII

GENERAL COVENANTS

Section 8.01. Further Assurances and Corrective Instruments. So long as this Site Lease is in full force and effect, the Trustee and the Site Lessor shall have full power to carry out the acts and agreements provided herein and the Site Lessor and the Trustee, at the written request of the other, shall from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property leased or intended to be leased hereunder, or for otherwise carrying out the intention of or facilitating the performance of this Site Lease.

Section 8.02. Compliance with Requirements of Law. On and after the date hereof, the Site Lessor shall not take any action with respect to the Leased Property that violates the terms hereof or is contrary to the provisions of any Requirement of Law.

Section 8.03. Participation in Legal Actions. At the request of and at the cost of the Trustee or the State, the Site Lessor shall join and cooperate fully in any legal action in which the Trustee or the State asserts its right to the enjoyment of the Leased Property; that involves the imposition of any charges, costs or other obligations or liabilities on or with respect to the Leased Property or the enjoyment of the Leased Property by the Trustee or the State; or that involves the imposition of any charges, costs or other obligations with respect to the Trustee's execution, delivery and performance of its obligations under this Site Lease or the State's execution, delivery and performance of its obligations under the 2019O Lease.

ARTICLE IX

LIMITS ON OBLIGATIONS

Section 9.01. Disclaimer of Warranties. THE SITE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. In no event shall the Site Lessor be liable for any incidental, special or consequential damage in connection with or arising out of this Site Lease or the existence, furnishing, functioning or use by the Trustee of any item, product or service provided for herein.

Section 9.02. Financial Obligations of Trustee Limited to Trust Estate. Notwithstanding any other provision hereof, all financial obligations of the Trustee under this Site Lease, except those resulting from its willful misconduct or negligence, are limited to the Trust Estate.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

Section 10.01. Event of Default Defined. An "Event of Default" under this Site Lease shall be deemed to have occurred upon failure by the Trustee to observe and perform any covenant, condition or agreement on its part to be observed or performed for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the Trustee by the Site Lessor, unless the Site Lessor shall consent in writing to an extension of such time prior to its expiration; provided, however, that:

(a) if the failure stated in the notice cannot be corrected within the applicable period, the Site Lessor shall not withhold its consent to an extension of such time if corrective action shall be instituted within the applicable period and diligently pursued until the default is corrected; and

(b) if, by reason of Force Majeure, the Trustee shall be unable in whole or in part to carry out any agreement on its part herein contained the Trustee shall not be deemed in default during the continuance of such inability; provided, however, that the Trustee shall, as promptly as legally and reasonably possible, remedy the cause or causes preventing the Trustee from carrying out such agreement, except that the settlement of strikes, lockouts and other industrial disturbances shall be solely within the discretion of the Trustee.

Section 10.02. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Site Lessor may take one or any combination of the following remedial steps:

(a) terminate the Site Lease Term and give notice to the Trustee to immediately vacate the Leased Property;

(b) sell or lease its interest in all or any portion of the Leased Property, subject to the purchase option of the Sublessee under the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority;

(c) enforce any provision of this Site Lease by equitable remedy, including, but not limited to, enforcement of the restrictions on assignment, encumbrance, conveyance, transfer or succession under Article XI hereof by specific performance, writ of mandamus or other injunctive relief; and

(d) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Site Lease, subject, however, to the limitations on the obligations of the Trustee set forth in Section 9.02 hereof.

Section 10.03. No Remedy Exclusive. Subject to Section 9.02 hereof, no remedy herein conferred upon or reserved to the Site Lessor is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Site Lessor to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 10.04. Waivers. The Site Lessor may waive any Event of Default under this Site Lease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XI

TRANSFERS OF INTERESTS IN LEASE OR LEASED PROPERTY

Section 11.01. Assignment by Site Lessor. The Site Lessor shall not, except as otherwise provided elsewhere in this Site Lease, assign, convey or otherwise transfer to any Person any of the Site Lessor's interest in the Leased Property or the Site Lessor's rights, title or interest in, to or under this Site Lease.

Section 11.02. Transfer of the Trustee's Interest in Lease and Leased Property Prohibited. Except as otherwise permitted by Section 6.04 hereof with respect to subleasing or grants of use of the Leased Property and Section 6.05 hereof with respect to substitutions or as otherwise required by law, the Trustee shall not sublease, assign, encumber, convey or otherwise transfer all or any portion of its interest in this Site Lease or the Leased Property to any Person, whether now in existence or organized hereafter.

Section 11.03. Conveyance of Leased Property to State Pursuant to 2019O Lease. The parties recognize and agree that, notwithstanding any other provision of this Site Lease, the 2019O Lease or any Sublease, upon conveyance of all the Leased Property subject to the 2019O Lease by the Trustee to the State pursuant to Article VIII of the 2019O Lease and conveyance of the Leased Property subject to this Site Lease by the State to the Sublessee pursuant Section 9.03 of the Sublease applicable to such Leased Property: (a) if the Site Lessor under this Site Lease and the Sublessee under such Sublease are the same, this Site Lease shall terminate; and (b) if the Site Lessor under this Site Lease and the Sublessee are not the same, this Site Lease shall continue with the Sublessee succeeding to the rights and obligations of the Trustee under this Site Lease.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Binding Effect. This Site Lease shall inure to the benefit of and shall be binding upon the Trustee and the Site Lessor and their respective successors and assigns, including, but not limited to, the State under the 2019O Lease and the Sublessee under the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority, subject, however, to the limitations set forth in Article XI hereof. This Site Lease and the covenants set forth herein are expressly intended to be covenants, conditions and restrictions running with the Leased Property and the leasehold estate in the Leased Property under this Site Lease.

Section 12.02. Interpretation and Construction. This Site Lease and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Site Lease. For purposes of this Site Lease, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Site Lease to designated "Articles," "Sections," "subsections," "paragraphs," "clauses" and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Site Lease. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Site Lease as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities, subject to statutory exceptions and modifications, as in effect from time to time.

(d) The term "money" includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding."

Section 12.03. Acknowledgement of 2019O Lease and Sublease. The Trustee has received a copy of, and acknowledges the terms of, the 2019O Lease and the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority.

Section 12.04. Trustee, State and Site Lessor Representatives. Whenever under the provisions hereof the approval of the Trustee, the State or the Site Lessor is required, or the Trustee, the State or the Site Lessor is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, for the State by the State Representative and by the Site Lessor by the Site Lessor Representative and the Trustee, the State and the Site Lessor shall be authorized to act on any such approval or request. The Site Lessor Representative is the ____________________ of the Site Lessor or any Person appointed as Site Lessor Representative by such Person.

Section 12.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the Site Lessor, to ______________________, Attention: Superintendent, facsimile number: ________, electronic mail address: __________; if to the Trustee, to Zions Bancorporation, National Association, 1001 Seventeenth Street, Suite 850, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 855-547-6178, electronic mail address: denvercorporatetrust@zionsbank.com; and if to the State, to Colorado State Treasurer, 140 State Capitol, 200 E. Colfax Ave., Denver, CO 80203, Attention: Deputy Treasurer, facsimile number: 303-866-2123, with a copy to Colorado State Controller, 1525 Sherman Street, 5th floor, Denver, Colorado 80203, Attention: Robert Jaros, facsimile number: 303-866-4233, electronic mail address: Bob.Jaros@state.co.us. Any notice party may, by written notice to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.06. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the Site Lessor or the Trustee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Site Lessor or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the Site Lessor or the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the Site Lessor or the Trustee or any natural person executing this Site Lease or any related document or instrument; provided that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

Section 12.07. Amendments, Changes, Modifications and Release. Except as otherwise provided herein or in the Indenture, this Site Lease may only be amended, changed, modified, altered or released by a written instrument executed by the Site Lessor and the Trustee; and the Trustee shall, if and when requested by the State, execute and deliver any amendment to or release of this Site Lease proposed by the State upon delivery to the Trustee of an opinion of Bond Counsel stating that such amendment or release does not violate the Indenture or the Leases.

Section 12.08. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Site Lease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Site Lease.

Section 12.09. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to this Site Lease is set forth in Exhibit A hereto. If the land included in the Leased Property subject to this Site Lease is modified pursuant to the terms of this Site Lease or other land is substituted for land included in the Leased Property subject to this Site Lease pursuant to the terms of this Site Lease, the legal description set forth in Exhibit A hereto will be amended to describe the land included in the Leased Property subject to this Site Lease after such modification or substitution.

Section 12.10. Merger. The State, the Site Lessor, the Trustee and any Sublessee that leases the Leased Property intend that the legal doctrine of merger shall have no application to this Site Lease, the 2019O Lease or the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority and that none of the execution and delivery of this Site Lease by the Site Lessor and the Trustee, the 2019O Lease by the Trustee and the State or such Sublease by the State and the Sublessee or the exercise of any remedies by any party under this Site Lease, the 2019O Lease or such Sublease shall operate to terminate or extinguish this Site Lease, the 2019O Lease or such Sublease.

Section 12.11. Severability. In the event that any provision of this Site Lease, other than the obligation of the Site Lessor to provide quiet enjoyment of the Leased Property, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.12. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Site Lease.

Section 12.13. Applicable Law. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of this Site Lease. Any provision of this Site Lease, whether or not incorporated herein by reference, which provides for arbitration by an extra-judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision hereof or incorporated herein by reference which purports to negate this Section in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this Section will not invalidate the remainder of this Site Lease to the extent that this Site Lease is capable of execution. At all times during the performance of this Site Lease, the Site Lessor and the Trustee shall strictly adhere to all applicable federal and State laws, rules and regulations that have been or may hereafter be established.

Section 12.14. Execution in Counterparts. This Site Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.15. Value of Land. The Site Lessor estimates that the value of the land included in the Leased Property as of the date this Site Lease is entered into is $_____________.

IN WITNESS WHEREOF, the Trustee and the Site Lessor have executed this Site Lease as of the date first above written.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, solely in its capacity as trustee under the Indenture

By ____
Authorized Signatory

[DISTRICT SEAL]

[______________________]

By ____
Title:______________________________

ATTEST:

By __________________________________
Secretary

[Signature Page to Site Lease of _______________]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of December, 2019 by ______________________________________, as an authorized signatory of Zions Bancorporation, National Association.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

STATE OF COLORADO)
) ss.
COUNTY OF _______________)

The foregoing instrument was acknowledged before me this ___ day of December, 2019, by __________________________, as ___________________ of ___________________.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[omitted for form of Series 2019O Site Lease appended to Official Statement]

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FORM OF

STATE OF COLFORADO
BUILDING EXCELLENT SCHOOLS TODAY
SUBLEASE OF ______________________

by and between

STATE OF COLORADO,
acting by and through the State Treasurer,

and

PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD,
acting on behalf of the State of Colorado,
both as sublessor

and

______________________,
as the Sublessee

[and

[if Sublessee is a charter school, insert name of Chartering Authority],
as the Sublessee's Chartering Authority]

Dated as of December 5, 2019

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STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SUBLEASE OF [NAME OF INSTITUTION]

This State of Colorado Building Excellent Schools Today Sublease of [name of sublessee] (this "Sublease") is dated as of December 5, 2019 and is entered into by and between the State of Colorado, acting by and through the State Treasurer, and the Public School Capital Construction Assistance Board, acting on behalf of the State (collectively, the "State"), both as sublessor, [and] _________, as sublessee (the "Sublessee") [, and ____________, as the Sublessee's Chartering Authority]. ***Capitalized terms used but not defined in this Sublease have the meanings assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated August 12, 2009, as such Glossary has been amended, supplemented and restated by the Glossary attached to the State of Colorado Building Excellent Schools Today Series 2019O Supplemental Trust Indenture dated December 5, 2019 and as it may further be amended, supplemented and restated from time to time***.

RECITALS

A. The Sublessee or the Sublessee's Chartering Authority has leased the Leased Property to the Trustee pursuant to a Site Lease. The State Treasurer, on behalf of the State and on the instructions of the Assistance Board, has leased the Leased Property from the Trustee pursuant to the 2019O Lease.

B. The State, acting by and through the State Treasurer on the instructions of the Assistance Board set forth in Assistance Board Resolution No. 19-1 and as authorized under the Act, and the Assistance Board, acting on behalf of the State and as authorized under the Act, will sublease the Leased Property to the Sublessee pursuant to this Sublease; and the Sublessee is authorized by applicable law, its governing documents, if relevant, and action of its Governing Body to, and will, sublease the Leased Property from the State pursuant to this Sublease.

C. To satisfy the Sublessee's obligation to pay Matching Moneys to the State with respect to the Sublessee's Project, the Sublessee, in accordance with Article V hereof, has delivered a Matching Moneys Bond or agreed to pay cash, Matching Moneys Installment Payments or Base Rent to the State.

D. Proceeds of the 2019O Certificates issued pursuant to the Indenture will be used to finance the Project of the Sublessee.

AGREEMENT

For and in consideration of the mutual covenants and the representations, covenants and warranties herein contained, the parties hereto hereby agree as follows:

ARTICLE I

CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS

Section 1.01. Certifications, Representations and Agreements by State. The State hereby certifies, represents and agrees that:

(a) The State Treasurer, pursuant to § 22-43.7-110(2)(f) of the Act, has reviewed this Sublease and, by executing this Sublease, is providing written authorization to the Assistance Board to enter into it. The State Treasurer, acting on behalf of the State, is entering into this Sublease pursuant to the instructions of the Assistance Board set forth in Assistance Board Resolution No. 19-1.

(b) The State is authorized under the Act to lease the Leased Property to the Sublessee pursuant to this Sublease and to execute, deliver and perform its obligations under this Sublease.

(c) This Sublease has been duly executed and delivered by the State and is valid and binding obligation enforceable against the State in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(d) The execution, delivery and performance of the terms of this Sublease by the State does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the State is now a party or by which the State is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the State, or, except as specifically provided in the 2019O Lease, the Indenture, this Sublease or the Sublessee's Site Lease, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the State.

(e) There is no litigation or proceeding pending or threatened against the State or any other Person affecting the right of the State to execute, deliver or perform its obligations of the State under this Sublease.

Section 1.02. Certifications, Representations and Agreements by Sublessee. The Sublessee certifies, represents and agrees that:

(a) The Sublessee is an Eligible K-12 Institution and is duly organized, validly existing and in good standing under Colorado law. The Sublessee is authorized under applicable law, its governing documents, if relevant, and action of its Governing Body to sublease the Leased Property from the State pursuant to this Sublease and to execute, deliver and perform its obligations under this Sublease and, if applicable, the Sublessee's Matching Moneys Bond.

(b) The Sublessee's Project is a capital construction project as defined in the Act and all moneys requisitioned from the Sublessee's Project Account pursuant to Section 4.10 hereof will be used to pay costs of capital construction as defined in the Act.

(c) The execution, delivery and performance of this Sublease and, if applicable, the Sublessee's Matching Moneys Bond have been duly authorized by the Governing Body of the Sublessee.

(d) The Sublessee has received all approvals and consents required for the Sublessee's execution, delivery and performance of its obligations under this Sublease and, if applicable, the Sublessee's Matching Moneys Bond.

(e) This Sublease and, if applicable, the Sublessee's Matching Moneys Bond have been duly executed and delivered by the Sublessee and are valid and binding obligations enforceable against the Sublessee in accordance with their respective terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(f) The execution, delivery and performance of this Sublease and, if applicable, the Sublessee's Matching Moneys Bond do not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Sublessee is now a party or by which the Sublessee is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the Sublessee, or, except as specifically provided in the 2019O Lease, the Indenture, this Sublease or the Site Lease pursuant to which the Leased Property is leased to the Trustee or, if applicable, the Sublessee's Matching Moneys Bond result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the Sublessee.

(g) There is no litigation or proceeding pending or threatened against the Sublessee affecting the right of the Sublessee to execute, deliver or perform its obligations under this Sublease or, if applicable, the Sublessee's Matching Moneys Bond.

(h) The Sublessee will receive economic and other benefits by the subleasing of the Leased Property by the Sublessee pursuant to this Sublease. The initial Leased Property is, and any Leased Property substituted for the initial Leased Property will be, property that is necessary and essential to the purposes and operations of the Sublessee. The Sublessee expects that the Leased Property will adequately serve the needs for which it is being subleased throughout the Scheduled Sublease Term.

(i) The Sublessee's Proportionate Share of the Base Rent payable by the State under the 2019O Lease in each Fiscal Year during the Lease Term of the 2019O Lease is not more than the fair value of the use of the Sublessee's Leased Property during such Fiscal Year.

(j) The sum of the Rent payable by the Sublessee under this Sublease and, as applicable, the principal, premium, if any, and interest payable by the Sublessee under its Matching Moneys Bond or the Matching Moneys Installment Payments payable by the Sublessee in each Fiscal Year during the Sublease Term is not more than the fair value of the use of the Sublessee's Leased Property during such Fiscal Year and does not exceed a reasonable amount so as to place the Sublessee under an economic compulsion to take one of the following actions in order to avoid forfeiting such excess (i) to continue this Sublease beyond any Fiscal Year, (ii) not to exercise its right to terminate this Sublease at any time through an Event of Nonappropriation or (iii) to exercise its option to purchase the Leased Property hereunder. The Sublessee's Purchase Option Price pursuant to Section 9.01 hereof is the Sublessee's current best estimate of the fair purchase price of the Leased Property that will be in effect at the time of exercise of the Sublessee's option to purchase the Leased Property pursuant to such Section. The Scheduled Sublease Term of this Sublease does not exceed the weighted average useful life of the improvements or any other real property improvements included in the Leased Property. In making the representations, covenants and warranties set forth above in this subsection and the immediately preceding subsection of this Section, the Sublessee has given due consideration to the Sublessee's Project, the purposes for which the Leased Property will be used by the Sublessee, the benefits to the Sublessee from the use of the Leased Property, the Sublessee's option to purchase the Leased Property hereunder and the terms of this Sublease governing the use of the Leased Property.

(k) The Sublessee presently intends and expects to continue the Sublease Term annually until title to the Leased Property is acquired by the Sublessee pursuant to this Sublease; but this representation does not obligate or otherwise bind the Sublessee.

(l) The Sublessee is not aware of any current violation of any Requirement of Law relating to the Leased Property and accepts full responsibility for any prior or future violations of any Requirement of Law relating to environmental issues relating to the Leased Property.

(m) The Governing Body of the Sublessee has appropriated sufficient moneys to pay the Additional Rent estimated to be payable hereunder in the current Fiscal Year and, as applicable, the Base Rent, the principal and interest payable under its Matching Moneys Bond or the Matching Moneys Installment Payments payable in the current Fiscal Year.

(n) The certifications, representations and agreements with respect to federal income tax matters set forth in the Tax Compliance Certificate executed and delivered by the Sublessee in connection with the execution and delivery of this Sublease are hereby incorporated in this Sublease as if set forth in full in this subsection.

(o) The Sublessee has not, except as otherwise specifically provided herein, entered into any agreement or arrangement to transfer to any Person all or any portion of its interest in the Leased Property or to any fee title that it may obtain in the real estate to which the Leased Property relates.

ARTICLE II

DEMISING CLAUSE; ENJOYMENT OF LEASED PROPERTY

Section 2.01. Demising Clause. The State demises and leases the State's leasehold estate under the 2019O Lease in the land described in Exhibit A hereto (the "Land" for purposes of this Sublease) and the buildings, structures and improvements now or hereafter located on the Land (together with the Land, the "Leased Property" for purposes of this Sublease) to the Sublessee in accordance with the terms of this Sublease, subject only to Permitted Encumbrances, to have and to hold for the Sublease Term.

Section 2.02. Enjoyment of Leased Property. The State covenants that, during the Sublease Term and so long as no Event of Default hereunder shall have occurred, the Sublessee shall peaceably and quietly have, hold and enjoy the Leased Property without suit, trouble or hindrance from the State, except as expressly required or permitted by this Sublease.

ARTICLE III

SUBLEASE TERM; TERMINATION OF SUBLEASE TERM

Section 3.01. Sublease Term.

(a) The Sublease Term is the Initial Term and successive one-year Renewal Terms, subject to subsection (b) of this Section.

(b) The Sublease Term shall expire upon the earliest of any of the following events:

(i) termination of the 2019O Lease in accordance with its terms;

(ii) June 30 of the Initial Term or June 30 of any Renewal Term during which, in either case, an Event of Nonappropriation under this Sublease has occurred; or

(iii) termination of this Sublease following an Event of Default under this Sublease in accordance with Section 12.02(a) hereof.

Section 3.02. Effect of Termination of Sublease Term. Upon termination of the Sublease Term:

(a) all unaccrued obligations of the Sublessee under this Sublease shall terminate, but all such obligations of the Sublessee that have accrued hereunder prior to such termination shall continue until they are discharged in full;

(b) if the termination occurs because of the occurrence of an Event of Nonappropriation or an Event of Default under this Sublease or because of the termination of the 2019O Lease as a result of an Event of Nonappropriation or an Event of Default under the 2019O Lease, the Sublessee's right to possession of the Leased Property hereunder shall terminate and (i) the Sublessee shall, within 90 days, vacate the Leased Property; and (ii) if and to the extent the Governing Body of the Sublessee has appropriated funds for payment of Base Rent, if applicable, and Additional Rent payable during, or with respect to the Sublessee's use of the Leased Property during, the period between termination of the Sublease Term and the date the Leased Property is vacated pursuant to clause (i), the Sublessee shall pay Base Rent, if applicable, to the State and Additional Rent to the Person entitled thereto; and

(c) the obligations of the Sublessee to make payments under the Sublessee's Matching Moneys Bond or Matching Money Installment Payments, as applicable, shall continue until, as applicable, all amounts payable under the Sublessee's Matching Moneys Bond have been paid or the Sublessee's Matching Moneys Bond is redeemed or cancelled in accordance with its terms or all Matching Moneys Installment Payments have been paid.

Section 3.03. Cancellation of Sublease by State. Notwithstanding any other provision hereof, the State, in its sole discretion, may cancel this Sublease at any time if, on or before December 5, 2019, (a) the Trustee has not received the title insurance policy for the Leased Property described in paragraph 1 of the form of Requisition attached as Appendix B to the 2019O Supplemental Indenture (which amends and restates in its entirety the form of Requisition attached to Appendix A to the Master Indenture) and (b) the Sublessee has not entered into and does not have a reasonable expectation that it will enter into one or more Project Contracts for the Sublessee's Project as described in paragraph 2 of the form of Requisition attached as Appendix B to the 2019O Supplemental Indenture (which amends and restates in its entirety the form of Requisition attached to Appendix A to the Master Indenture). The State shall deliver written notice to the Sublessee specifying the effective date of any such cancellation at least 15 days prior to the effective date of the cancellation. Upon cancellation, the Sublessee shall have no further rights under this Sublease, the State may direct the Trustee to use the moneys in the Sublessee's Project Account for the Costs of another Project or for any purpose permitted under the Indenture, the State shall cause the Trustee to cancel and release the Site Lease pursuant to which the Leased Property has been leased to the Trustee and the State shall return to the Sublessee any Matching Moneys paid to the State (including any principal or interest paid on the Sublessee's Matching Moneys Bond) and cancel and return to the Sublessee the Sublessee's Matching Moneys Bond.

ARTICLE IV

PROJECT

Section 4.01. Sublessee to Construct Project in Accordance with Specifications. The Sublessee shall construct the Project (the "Work") in accordance with the Specifications attached hereto as Exhibit B, with such changes in the Specifications, if any, that are approved by the

State in writing. In connection with the Work, Sublessee shall provide progress reports to the State prior to the last Business Day of each month.

Section 4.02. Completion Date.

(a) The Sublessee shall cause the Work to be done promptly and with due diligence and shall use its best efforts to cause the Completion Date to occur by the third anniversary of this Sublease (the "Scheduled Completion Date"). The "Completion Date" is the date the Sublessee delivers a certificate (the "Completion Certificate") to the State and the Trustee (i) stating that to the best of the Sublessee's knowledge, based upon the representations of contractors, architects, engineers, vendors or other consultants, (A) the Project has been completed in accordance with Section 4.01 hereof and (B) except for any amounts estimated by the Sublessee to be necessary for payment of any Costs of the Project not then due and payable and costs of the Project included in requisitions that have been submitted to the Trustee but have not yet been paid by the Trustee, all Costs of the Project have been paid; (ii) stating that the real property improved by the Project has been insured in accordance with Section 7.01 hereof in the dollar amount set forth in such certificate or the certificate of insurance attached thereto; and (iii) to which is attached a certificate of insurance in which the insurer certifies that the real property improved by the Project has been insured by such insurer in the dollar amount set forth therein.

(b) If the Completion Date does not occur by the Scheduled Completion Date for any reason other than Force Majeure, the State or the Trustee, with the consent of the State, may, but shall not be required to, retain a Person other than the Sublessee to complete the Project and recover from the Sublessee all reasonable costs incurred by or on behalf of the State or the Trustee in completing the Project.

Section 4.03. Contractor Guarantees. The Sublessee shall cause each Contractor with which the Sublessee contracts directly to guarantee all Work performed by it or any subcontractor or other Person performing Work on its behalf against defective workmanship and materials for a period of one year after the Completion Date, provided that such one year period shall not begin with respect to any item that is not completed on the Completion Date until such item is completed. The Sublessee shall assign to the State any guarantee of workmanship and materials which it may receive but shall retain the right to enforce such guarantee directly.

Section 4.04. Performance and Payment Bonds. The Sublessee shall require that each Contractor provide a performance bond and a separate labor and material payment bond, each of which shall (a) be executed by a corporate surety licensed to do business in the State, (b) be in customary form, (c) be in the amount payable to such Contractor pursuant to its Project Contract and (d) be payable to the Sublessee. If, at any time prior to completion of the Work covered by any such bond, the surety shall be disqualified from doing business within the State, a new bond shall be provided from an alternate surety licensed to do business in the State. The amount of each bond shall be increased or decreased, as appropriate, to reflect changes to the Specifications orders under Section 4.01 hereof. A copy of each such bond and all modifications thereto shall be furnished to the State within 60 days of the effective date of the related Project Contract. The Sublessee hereby assigns its rights to any proceeds under such bonds to the State and the Trustee.

Section 4.05. Builder's Risk Completed Value Insurance. The Sublessee shall procure and maintain, at its own cost and expense, until the property to which such insurance relates is insured by the Sublessee pursuant to Section 7.01 hereof or, if Section 7.01 does not apply because the property improved by the Project is not included in the Leased Property, until the Project is completed, standard, all risk of loss builder's risk completed value insurance upon property included in or that is imposed by the Project. A certificate of insurance evidencing such insurance shall be provided to the State.

Section 4.06. General Public Liability and Property Damage Insurance. The Sublessee shall require that each Contractor procure and maintain, at its own cost and expense, during such Contractor's Project Contract, standard form comprehensive general public liability and property damage insurance that covers all claims for bodily injury, including death, and claims for destruction of or damage to the property (other than the Work itself), arising out of or in connection with any operations under the Contractor's Project Contract, whether such operations be by the Contractor or by a subcontractor. The insurance shall include the limits and coverage specified for the State of Colorado, Office of the State Architect, State Buildings Programs. Such policies shall include the State and the Trustee as additional insureds and shall include a provision prohibiting cancellation, termination or alteration except pursuant to the policy. A certificate of insurance evidencing such insurance shall be provided to the State with respect to each Contractor within 60 days of the effective date of the related Project Contract.

Section 4.07. Workers' Compensation Insurance. The Sublessee shall require that each Contractor procure and maintain, at its own cost and expense, workers' compensation insurance as required by Colorado law during the term of its contract, covering all persons working under its Project Contract. Such insurance shall contain a provision that such coverage shall not be canceled, terminated or altered without 30 days' prior written notice to the State and the Trustee. Certificates evidencing such coverage shall be provided to the State.

Section 4.08. Defaults Under Project Contracts. In the event of any default under any Project Contract, or in the event of a breach of warranty with respect to any materials, workmanship or performance or other Work, which default or breach results in frustration of the purpose for which the property improved by the Project was intended, the Sublessee shall promptly proceed, either separately or in conjunction with others, to pursue diligently its remedies, including any remedy against the surety of any bond securing the performance of the Project Contract.

Section 4.09. Assignment of Rights Under Project Contracts. The Sublessee hereby assigns to the State and the Trustee, and each Project Contract shall expressly provide that the State and the Trustee shall have, the right to enforce each Project Contract against the Contractor (a) following termination of this Sublease and (b) in any case where, in the reasonable judgment of the State or the Trustee, with the consent of the State, the Sublessee has failed to enforce the terms of such Project Contract in a manner consistent with the obligations of the Sublessee under this Sublease.

Section 4.10. Costs of the Project.

(a) The Sublessee, with the approval of the State, may withdraw available money from the Sublessee's Project Account in an amount up to the proceeds of the Series 2019O Certificates and Allocated Investment Earnings deposited into the Sublessee's Project Account pursuant to the Indenture to pay, or reimburse the Sublessee for the payment by Sublessee of, Costs of the Sublessee's Project by delivering to the Trustee a Requisition in the form of Appendix B to the 2019O Supplemental Indenture (which amends and restates in its entirety the form of Requisition attached to Appendix A to the Master Indenture), signed by the Sublessee Representative and with the State's approval evidenced by the signature of the State Representative. If more than one Project Account has been established pursuant to the Indenture to pay Costs of the Sublessee's Project, the term Project Account in this subsection shall include all such Project Accounts and moneys shall be withdrawn from such Project Accounts pursuant to this subsection in the order provided in the Indenture. The Sublessee shall provide the Assistance Board with all documentation for each submitted Requisition including individual invoices, detail on the State approved line item budget being expended, a summary of invoice categories, detail of any necessary budget adjustments and any other information requested or required by the Assistance Board to justify the expenditure and verify budget items for the Project.

(b) If the Sublessee has satisfied its obligation to pay Matching Moneys with respect to its Project by delivering a cash payment and if Exhibit D hereto states that a specified amount of money in the Assistance Fund will be available to pay a portion of the Costs of the Sublessee's Project, after the Sublessee has withdrawn all moneys that it may withdraw from the Sublessee's Project Account pursuant to subsection (a) of this Section, the Sublessee, with the approval of the State, may withdraw money from the Assistance Fund in an amount up to the amount specified in Exhibit D hereto to pay, or reimburse the Sublessee for the payment by Sublessee of, Costs of the Sublessee's Project by delivering to the Assistance Board a Requisition in the form of Exhibit E hereto, signed by the Sublessee Representative and with the State's approval evidenced by the signature of the State Representative.

(c) Upon and effective on each date a Requisition is signed and delivered to the Trustee pursuant to subsection (a) of this Section or to the Assistance Board pursuant to subsection (b) of this Section, the representations of the Sublessee set forth in such Requisition are incorporated in this Sublease as if set forth herein in full.

(d) The Sublessee shall submit a final Requisition to the Trustee pursuant to subsection (a) of this Section or to the Assistance Board pursuant to subsection (b) of this Section, as applicable, no later than six months after the Scheduled Completion Date unless otherwise approved by the State.

Section 4.11. Excess Costs and Project Account Balances. The Sublessee shall pay all Costs of the Project that exceed the moneys that may be withdrawn from the Sublessee's Project Account and the Assistance Fund pursuant to Section 4.10 hereof from sources other than money withdrawn from the Sublessee's Project Account and the Assistance Fund pursuant to Section

4.10 hereof. If the Costs of the Project are less than the amount of the moneys that may be withdrawn from the Sublessee's Project Account and the Assistance Fund pursuant to Section 4.10 hereof, such moneys shall be transferred to the State Expense Fund.

Section 4.12. Compliance with Tax Certificate. The Sublessee shall comply with the provisions of the Tax Compliance Certificate executed and delivered by the Sublessee in connection with the execution and delivery of this Sublease that are applicable to the construction of the Project, including but not limited to, if the Tax Compliance Certificate provides that such standards are applicable to the Sublessee's Project, complying with the prevailing wage standards under 40 U.S.C. § 3141 (sometimes referred to as the Davis-Bacon Act).

Section 4.13. Records and Progress Reports. The Sublessee shall maintain copies of all requisition forms and Project Contracts, including but not limited to subcontracts, purchase orders and procurement documents, and provide copies to the State and the Assistance Board upon request. All such documents and records relating to the Project shall be retained by the Sublessee during the term of this Sublease and shall be provided to the State upon request. The Trustee is required under the Indenture to provide to the Sublessee at its request an accounting of all receipts and disbursements from the Sublessee's Project Account. The Sublessee shall provide monthly progress reports to the Assistance Board, which progress reports shall provide at a minimum, photos of the Project, a current line item budget, a current Project budget compared to the State approved Project budget, and an updated Project schedule compared to the State approved Project schedule.

ARTICLE V

MATCHING MONEYS

Section 5.01. Sublessee's Obligation to Pay Matching Moneys. Certain information regarding the Sublessee's obligation to pay Matching Moneys with respect to its Project is set forth in Exhibit D hereto.

(a) ***No Matching Moneys***. If Exhibit D hereto provides that there are no Matching Moneys, the Sublessee is not obligated to pay Matching Moneys with respect to its Project.

(b) ***Cash Payment***. If Exhibit D hereto provides that the source of Matching Moneys is a cash payment, the Sublessee has satisfied its obligation to pay Matching Moneys by paying cash to the State on the date this Sublease is executed and delivered. If Exhibit D states that a specified amount of money in the Assistance Fund will be available to pay a portion of the Costs of the Sublessee's Project, the Sublessee shall be authorized to withdraw money, up to the amount specified in Exhibit D hereto, to pay Costs of the Sublessee's Project in accordance with, and subject to the terms of Section 4.10(b) hereof.

(c) ***Base Rent***. If Exhibit D hereto provides that the source of Matching Moneys is Base Rent, the Sublessee shall, subject only to the provisions of Article VI hereof, pay Base Rent to the State during the Lease Term in immediately available funds in the amounts and on the Base Rent Payment Dates set forth in Exhibit D hereto.

(d) ***Matching Moneys Bond***. If Exhibit D hereto provides that the source of Matching Moneys is a Matching Moneys Bond, the Sublessee has satisfied its obligation to pay Matching Moneys with respect to its Project by issuing and delivering to the State the Sublessee's Matching Moneys Bond on the date this Sublease is executed.

(e) ***Matching Moneys Installment Payments***. If Exhibit D hereto provides that the source of Matching Moneys is Matching Moneys Installment Payments, the Sublessee shall make cash payments in immediately available funds to the State in the amounts, on the payment dates and from the sources set forth in Exhibit D hereto. Notwithstanding any other provision hereof, the obligation of a Sublessee to pay a Matching Moneys Installment Payment in any Fiscal Year beyond the Sublessee's current Fiscal Year is subject to appropriation of such Matching Moneys Payment by the Governing Body of such Sublessee. The officer of the Sublessee who is responsible for formulating budget proposals with respect to Matching Moneys Installment Payments is hereby directed to include as a line item in each annual budget proposal submitted to the Governing Body of the Sublessee for any Fiscal Year in which an Matching Moneys Installment Payment is payable the entire amount of the Matching Moneys Installment Payment payable during such Fiscal Year; it being the intention of the Sublessee that any decision to pay or not to pay such Matching Moneys Installment Payment shall be made solely by the Governing Body of the Sublessee, in its sole discretion, and not by any department, agency or official of the Sublessee. If the Sublessee intends to fund its Matching Moneys Installment Payments from the proceeds of a grant, the Governing Body of the Sublessee agrees to use its best efforts to comply with the terms of the grant and to pay all proceeds of the grant when received by the Sublessee.

(f) ***Special Arrangements***. Any special arrangement regarding the Sublessee's Matching Moneys that does not fit the categories described in subsections (a) through (e) of this Section shall be described in Exhibit D hereto.

(g) ***More Than One Source***. If Exhibit D hereto provides that there is more than one source of Matching Moneys, the provisions hereof regarding the payment of Matching Moneys shall apply to each such source separately.

Section 5.02. Obligations and Rights with respect to Matching Moneys Bond and Matching Moneys Installment Payments Independent of Sublease. The obligations of the Sublessee and the rights of the State with respect to the Sublessee's Matching Moneys Bond or the Sublessee's Matching Moneys Installment Payments, as applicable, are independent of the obligations of the Sublessee and the rights of the State under this Sublease and, except as otherwise specifically provided herein, (a) the obligations of the Sublessee and the rights of the State with respect to the Sublessee's Matching Moneys Bond or the Sublessee's Matching Moneys Installment Payments, as applicable, shall survive the termination of this Sublease and (b) no failure to perform or other action of the State with respect to this Sublease shall affect the State's rights to enforce the obligations of the Sublessee to make payments under the

Sublessee's Matching Moneys Bond or to pay its Matching Moneys Installment Payments, as applicable.

Section 5.03. Use of Matching Moneys. The State shall deposit Matching Moneys it receives into the Assistance Fund.

Section 5.04. References to Cash Payments of Matching Moneys, Base Rent, Matching Moneys Bonds, and Matching Moneys Installment Payments. The State has entered into many, and in the future will enter into many more, subleases similar to this Sublease pursuant to which the sublessees will satisfy their obligations to pay Matching Moneys in a variety of ways. In order to assist the State in administering such subleases, the subleases have been drafted to be as uniform as practicable, including the inclusion of references to cash payments of Matching Moneys that are not applicable to the Sublessee if it is not satisfying its obligations to pay Matching Moneys by making cash payments, references to Base Rent that are not applicable to the Sublessee if the Sublessee is not satisfying its obligation to pay Matching Moneys by paying Base Rent, references to Matching Moneys Bonds that are not applicable to the Sublessee if the Sublessee is not satisfying its obligation to pay Matching Moneys by delivering a Matching Moneys Bond and references to Matching Moneys Installment Payments that are not applicable to the Sublessee if the Sublessee is not satisfying its obligation to pay Matching Moneys by paying Matching Moneys Installment Payments. In applying the terms of this Sublease to the Sublessee, (a) references to cash payments of Matching Moneys apply to the Sublessee only if the Sublessee is satisfying its obligation to pay Matching Moneys by making a cash payment, (b) references to Base Rent apply to the Sublessee only if the Sublessee is satisfying its obligation to pay Matching Moneys by paying Base Rent, (c) references to Matching Moneys Bonds apply to the Sublessee only if the Sublessee is satisfying its obligation to pay Matching Moneys by delivering a Matching Moneys Bond and (d) references to Matching Moneys Installment Payments apply to the Sublessee only if the Sublessee is satisfying its obligation to pay Matching Moneys by paying Matching Moneys Installment Payments.

ARTICLE VI

RENT; EVENT OF NONAPPROPRIATION

Section 6.01. Base Rent. If the Sublessee is satisfying its obligation to pay Matching Moneys by paying Base Rent, the Sublessee shall, subject only to the other Sections of this Article, pay Base Rent to the State during the Lease Term in immediately available funds in the amounts and on the Base Rent Payment Dates set forth in Exhibit D hereto.

Section 6.02. Additional Rent. Regardless of the manner in which the Sublessee is satisfying its obligation to pay Matching Moneys, the Sublessee shall, subject only to the other Sections of this Article, pay Additional Rent in immediately available funds in the amounts and on the dates on which it is due. The Sublessee shall pay all Additional Rent that specifically relates to the Leased Property subject to the Sublease directly to the Person or Persons to which it is owed. The Sublessee shall pay its Proportionate Share of any Additional Rent that does not specifically relate to the Leased Property subject to this Sublease that the State, in its sole discretion, determines should be paid by the Participating K-12 Institutions, to the State within 14 days of notice from the State or the Trustee of the amount due. The State's determinations as to whether any Additional Rent is specifically related to the Leased Property subject to this Sublease and as to whether any Additional Rent not specifically related to the Leased Property subject to this Sublease should be paid by the Participating K-12 Institutions, shall be binding on and shall not be subject to dispute or negotiation by the Sublessee. It is the expectation of the State that Additional Rent payable to the State pursuant hereto will not be significant.

Section 6.03. Unconditional Obligations. The obligation of the Sublessee to pay Base Rent, if applicable, during the Sublease Term shall, subject only to the other Sections of this Article, and the obligation of the Sublessee to pay Additional Rent during the Sublease Term shall, subject only to the other Sections of this Article, including, without limitation, Sections 6.04 and 6.05 hereof, be absolute and unconditional and shall not be abated or offset for any reason related to the Leased Property. Notwithstanding any dispute between the Sublessee and the State or between the Sublessee or the State and any other Person relating to the Leased Property, the Sublessee shall, during the Sublease Term, pay all Rent when due; the Sublessee shall not withhold any Rent payable during the Sublease Term pending final resolution of such dispute and shall not assert any right of set off or counter claim against its obligation to pay Rent, provided, however, that the payment of any Rent shall not constitute a waiver by the Sublessee of any rights, claims or defenses which the Sublessee may assert; and no action or inaction on the part of the State shall affect the Sublessee's obligation to pay Rent during the Sublease Term.

Section 6.04. Event of Nonappropriation.

(a) The officer of the Sublessee who is responsible for formulating budget proposals with respect to payments of Rent is hereby directed (i) to estimate the Additional Rent payable in the next ensuing Fiscal Year prior to the submission of each annual budget proposal to the Governing Body of the Sublessee during the Sublease Term and (ii) to include as a line item in each annual budget proposal submitted to the Governing Body of the Sublessee during the Sublease Term the entire amount of Base Rent scheduled to be paid and Additional Rent estimated to be payable during the next ensuing Fiscal Year; it being the intention of the Sublessee that any decision to continue or to terminate the Sublease Term shall be made solely by the Governing Body of the Sublessee, in its sole discretion, and not by any other department, agency or official of the Sublessee.

(b) An Event of Nonappropriation shall be deemed to have occurred, subject to the Sublessee's right to cure pursuant to subsection (c) of this Section, on June 30 of any Fiscal Year if the Governing Body of the Sublessee has, on such date, failed, for any reason, to appropriate sufficient amounts authorized and directed to be used to pay all Base Rent scheduled to be paid and all Additional Rent estimated to be payable in the next ensuing Fiscal Year.

(c) Notwithstanding subsection (b) of this Section, an Event of Nonappropriation shall not be deemed to occur if, on or before August 1 of the next ensuing Fiscal Year, (i) the Governing Body of the Sublessee has appropriated or otherwise authorized the expenditure of amounts sufficient to avoid an Event of Nonappropriation under subsection (b) of this Section and (ii) the Sublessee has paid all

Additional Rent due during the period from June 30 through the date of such appropriation or authorization.

(d) If the Sublessee shall determine to exercise its annual right to terminate the Sublease Term effective on June 30 of any Fiscal Year, the Sublessee shall give written notice to such effect to the State not later than March 1 of such Fiscal Year; provided, however, that a failure to give such notice shall not (i) constitute an Event of Default, (ii) prevent the Sublessee from terminating this Sublease or (iii) result in any liability on the part of the Sublessee.

(e) The Sublessee shall furnish the State with copies of all appropriation or expenditure authorization measures relating to Rent or the Purchase Option Price promptly upon the adoption thereof by the Governing Body of the Sublessee, but not later than 20 days following the adoption thereof by the Governing Body of the Sublessee; provided however, that a failure to furnish copies of such measures shall not (i) constitute an Event of Default, (ii) prevent the Sublessee from terminating this Sublease or (iii) result in any liability on the part of the Sublessee.

Section 6.05. Limitations on Obligations of Sublessee.

(a) The obligation of the Sublessee to pay (i) Rent hereunder and (ii) all other payments by the Sublessee hereunder except cash Matching Moneys payments (which must be paid on the date this Sublease is executed and delivered) and amounts payable pursuant to any Matching Money Bond (which are debt of the Sublessee) shall constitute currently appropriated expenditures of the Sublessee. All obligations of the Sublessee under this Sublease (except obligations to pay cash Matching Moneys payments and amounts payable pursuant to any Matching Moneys Bond) shall be subject to the action of the Governing Body of the Sublessee in annually making moneys available for payments hereunder. The obligations of the Sublessee to pay Rent and Matching Moneys Installment Payments and such other obligations (except cash Matching Moneys payments and amounts payable pursuant to any Matching Money Bond) are subject to appropriation by the Governing Body of the Sublessee in its sole discretion, and shall not be deemed or construed as creating an indebtedness of the Sublessee within the meaning of any provision of the State Constitution or the laws of the State concerning or limiting the creation of indebtedness of the Sublessee and shall not constitute a multiple fiscal year direct or indirect debt or other financial obligation of the Sublessee within the meaning of Section 20(4) of Article X of the State Constitution. In the event the Sublessee does not renew the Sublease Term, the sole security available to the State, as sublessor under this Sublease, for any such obligation of the Sublessee under this Sublease shall be the Leased Property.

(b) All of the Sublessee's obligations under this Sublease (except cash Matching Moneys payments and amounts payable pursuant to any Matching Moneys Bond) shall be subject to the Sublessee's annual right to terminate this Sublease upon the occurrence of an Event of Nonappropriation.

(c) The Sublessee shall be under no obligation whatsoever to exercise its option to purchase the Leased Property pursuant to Article IX hereof.

Section 6.06. No Right to Compel Payment of Rent or Matching Moneys by State or another Participating K-12 Institution. The Sublessee shall have no right to compel the State or any other Participating K-12 Institution to pay any Rent under any Lease or Rent, Matching Moneys or Matching Moneys Installment Payments under any Sublease or Participation Agreement or to pay the principal of, premium, if any, and interest on any Matching Moneys Bond and neither the State nor any such other Participating K-12 Institution shall have any liability to the Sublessee for a failure by the State to pay Rent under any Lease or a failure by any such other Participating K-12 Institution to pay such other Participating K-12 Institution's Rent, Matching Moneys or Matching Moneys Installment Payments under any such other Sublease or Participation Agreement or principal, premium, if any, or interest on its Matching Moneys Bond for any reason.

ARTICLE VII

OPERATION, MAINTENANCE AND INSURANCE OF LEASED PROPERTY

Section 7.01. Taxes, Utilities and Insurance.

(a) The Sublessee shall pay, as Additional Rent, all of the following expenses with respect to the Leased Property:

(i) all taxes, assessments and other charges lawfully made by any governmental body, provided that any such taxes, assessments or other charges that may lawfully be paid in installments may be paid in installments as such installments are due;

(ii) all gas, water, steam, electricity, heat, power and other utility charges incurred in connection with the Leased Property (including but not limited to, amounts paid to a Site Lessor for utilities provided by such Site Lessor pursuant to a Site Lease);

(iii) casualty and property damage insurance with respect to the Leased Property in an amount equal to the full replacement value of the Leased Property;

(iv) public liability insurance with respect to the activities to be undertaken by the Sublessee in connection with the Leased Property, the Sublessee's Project and this Sublease: (A) to the extent such activities result in injuries for which immunity is not available under the Colorado Governmental Immunity Act, C.R.S. § 24-10-101, *et seq.* or any successor statute, in an amount not less than the amounts for which the Sublessee may be liable to third parties thereunder and (B) for all other activities, in an amount not less than $1,000,000 per occurrence.

(b) Except for Permitted Encumbrances, the Sublessee shall not allow any liens for taxes, assessments, other governmental charges or utility charges to exist with respect to any portion of the Leased Property. If the Sublessee shall first notify the Trustee and the State of the intention of the Sublessee to do so, the Sublessee may, however, in good faith contest any such tax, assessment, other governmental charge or utility charge and, in the event of any such contest, may permit the tax, assessment, other governmental charge or utility charge so contested to remain unpaid during the period of such contest and any appeal therefrom, unless the Trustee or the State shall notify the Sublessee that, in the opinion of Independent Counsel, whose fees and expenses shall be paid by the Sublessee, by nonpayment of any such item the interest of the Trustee or the State in the Leased Property will be materially interfered with or endangered or the Leased Property or any portion thereof will be subject to loss or forfeiture, in which event such tax, assessment, other governmental charge or utility charge shall be paid forthwith; provided, however, that such payment shall not constitute a waiver of the right to continue to contest such tax, assessment, other governmental charge or utility charge. At the request of the Sublessee, the State will cooperate fully with the Sublessee in any such contest.

(c) The insurance policies provided pursuant to subsection (a) of this Section shall meet the following conditions: (i) any insurance policy may have a deductible clause in an amount deemed reasonable by the State; (ii) each insurance policy shall be provided by an insurer that, at the time such policy is obtained or renewed, is rated “A” by A.M. Best or in the two highest rating categories of S&P and Moody’s; (iii) each insurance policy shall be so written or endorsed as to make losses, if any, payable to the State, the Sublessee and the Trustee, as their respective interests may appear; (iv) each insurance policy shall contain a provision to the effect that the insurance company shall not cancel the policy or modify it materially and adversely to the interest of the State, the Sublessee or the Trustee without first giving written notice thereof to the State, the Sublessee and the Trustee at least 30 days in advance of such cancellation or modification; (v) upon request each insurance policy, or each certificate evidencing such policy, shall be provided to the Trustee; (vi) full payment of insurance proceeds under any insurance policy up to the dollar limit required by this Section in connection with damage to the Leased Property shall, under no circumstance, be contingent on the degree of damage sustained at other property owned or leased by the State or any Sublessee; and (vii) each insurance policy shall explicitly waive any co-insurance penalty.

(d) In the Sublessee’s discretion, the insurance required by this Section may be provided under blanket insurance policies which insure not only the risks required to be insured hereunder but also other similar risks or may be provided through a self-insurance program described in this subsection. If the property of the Sublessee is covered by the Colorado School Districts Self Insurance Pool, the self-insurance program shall be the Colorado School Districts Self Insurance Pool. If the property of the Sublessee is not covered by the Colorado School Districts Self Insurance Pool, the self-insurance program may, with the State’s consent, be the Sublessee’s independent risk management program, if any.

(e) At the request of the State or the Trustee, the Sublessee shall cause one or more insurance consultants to annually review the self-insurance program through which insurance is provided pursuant to this Section and confirm that it is maintained on an actuarially sound basis.

Section 7.02. Maintenance and Operation of Leased Property. The Sublessee shall maintain, preserve and keep the Leased Property, or cause the Leased Property to be maintained, preserved and kept, in good repair, working order and condition, subject to normal wear and tear, shall operate the Leased Property, or cause the Leased Property to be operated, in an efficient manner and at a reasonable cost, and shall make or cause to be made all necessary and proper repairs, except as otherwise provided in Sections 8.05 and 8.07 hereof.

Section 7.03. Capital Renewal Reserve. The Sublessee shall establish a capital renewal budget and make annual contributions to a capital renewal reserve as defined in § 22-43.7-109(4)(d) of the Act for the purpose of replacing major systems of the Project with projected life cycles such as roofs, interior finishes, electrical systems and heating, ventilating and air conditioning systems.

ARTICLE VIII

TITLE TO LEASED PROPERTY; ENCUMBRANCES, EASEMENTS, MODIFICATIONS, SUBSTITUTION, DAMAGE, PERSONAL PROPERTY

Section 8.01. Title to Leased Property. Title to the leasehold estate in the Leased Property under the 2019O Lease shall be held in the name of the State, subject to the Site Lease pursuant to which the Leased Property is leased to the Trustee, the 2019O Lease and this Sublease, until the Leased Property is conveyed or otherwise disposed of as provided herein, and the Sublessee shall have no right, title or interest in the Leased Property except as expressly set forth herein.

Section 8.02. Limitations on Disposition of and Encumbrances on Leased Property.

(a) Except as otherwise permitted in this Article or Article X or XI hereof and except for Permitted Encumbrances, (i) neither the State nor the Sublessee shall sell, assign, transfer or convey any portion of or any interest in the Leased Property or directly or indirectly create, incur or assume any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, and (ii) the Sublessee shall promptly take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance or claim.

(b) Notwithstanding subsection (a) of this Section, if the Sublessee shall first notify the Trustee and the State of the intention of the Sublessee to do so, the Sublessee may in good faith contest any such mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Leased Property, and in the event of any such contest, may permit the item so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Trustee or the State has notified the Sublessee that, in the opinion of Independent Counsel, whose fees shall be paid by the Sublessee, by failing to discharge or satisfy such item the interest of the Trustee or the State in the Leased Property will be materially interfered with or endangered, or the

Leased Property or any part thereof will be subject to loss or forfeiture, in which event such item shall be satisfied and discharged forthwith; provided, however, that such satisfaction and discharge shall not constitute a waiver by the Sublessee of the right to continue to contest such item. At the request of the Sublessee, the State will cooperate fully with the Sublessee in any such contest.

Section 8.03. Granting of Easements. As long as no Event of Nonappropriation or Event of Default shall have happened and be continuing, the State shall, at the request of the Sublessee and with the consent of the Trustee:

(a) consent to the grant of easements, licenses, rights of way (including the dedication of public highways) and other rights or privileges in the nature of easements with respect to the Leased Property, free from this Sublease and the 2019O Lease and any security interest or other encumbrance created hereunder or thereunder;

(b) consent to the release of existing easements, licenses, rights of way and other rights and privileges with respect to the Leased Property, free from this Sublease or the 2019O Lease and any security interest or other encumbrance created hereunder or thereunder, with or without consideration; and

(c) execute and deliver any instrument necessary or appropriate to confirm and grant or release any easement, license, right of way or other grant or privilege under subsection (a) or (b) of this Section, upon receipt of: (i) a copy of the instrument of grant or release; and (ii) a written application signed by the Sublessee Representative requesting such instrument and stating that such grant or release will not materially adversely affect the value, or interfere with the effective use or operation, of the Leased Property.

Section 8.04. Subleasing and Other Grants of Use. The Sublessee may sublease or otherwise grant the right to use such Leased Property to another Person, but only if:

(a) the sublease or grant of use by the Sublessee complies with the covenant in Section 10.04 hereof; and

(b) the obligations of the Sublessee under this Sublease shall remain obligations of the Sublessee, and the Sublessee shall maintain its direct relationship with the State, notwithstanding any such sublease or grant of use.

Section 8.05. Modification of Leased Property. The Sublessee, at its own expense, may remodel, or make substitutions, additions, modifications or improvements to, its portion of the Leased Property, provided that: (a) such remodeling, substitutions, additions, modifications and improvements (i) shall not in any way damage such portion of the Leased Property as it existed prior thereto and (ii) shall become part of the Leased Property; (b) the value of the Leased Property after such remodeling, substitutions, additions, modifications and improvements shall be at least as great as the value of the Leased Property prior thereto; (c) the cost of all remodeling, substitutions, additions, modifications and improvements shall not exceed 10% of the sum of the proceeds of the Series 2019O Certificates and Allocated Investment Earnings deposited into the Sublessee's Project Account without the written approval of the State; and

(d) the Leased Property, after such remodeling, substitutions, additions, modifications and improvements, shall continue to be used as provided in, and shall otherwise be subject to the terms of, this Sublease.

Section 8.06. Substitution of or Additions to Leased Property. The Sublessee, with the consent of the State, which may be granted or withheld at the sole discretion of the State, may at any time propose that other property (the title to which was not insured under a title insurance policy previously provided to the State and the Trustee) be substituted for or added to the Leased Property subject to the Sublease under both the 2019O Lease and this Sublease. Any such proposal must be accompanied by the items listed below in form and substance satisfactory to the State. If the items listed below are delivered, the State consents to the substitution or addition and the Sublessee pays the costs of the substitution or addition, the State shall, and shall cooperate with the Sublessee to cause the Trustee to execute and deliver any documents or instruments requested by the Sublessee to accomplish the substitution or addition. The items are:

(a) A certificate by the Sublessee certifying that, following such substitution or addition, the Fair Market Value of the substituted or modified property, determined as of the date of substitution or addition, is equal to or greater than the Fair Market Value of the Leased Property subject to this Sublease.

(b) A title insurance policy, an amendment or supplement to a previously issued title insurance policy or a commitment to issue such a policy, amendment or supplement that would allow the Sublessee and the State to make the title insurance representation set forth in the form of Project Account requisition attached as Appendix B to the 2019O Supplemental Indenture.

(c) A certificate by the Sublessee certifying that (i) the useful life of the substituted or modified property extends to or beyond the final maturity of the Series 2019O Certificates and (ii) the substituted or modified property is at least as essential to the Sublessee as the Leased Property subject to this Sublease.

(d) An agreement by the Sublessee to pay all costs incurred by the Sublessee, the State, the Trustee or any other Person in connection with the substitution or addition, including but not limited to, the costs of the title insurance required by clause (b) of this Section, the Trustee's fees and expenses, the State's third party costs and reasonable charges for the time of State employees and allocable overhead.

(e) An opinion of Bond Counsel to the effect that such substitution or addition is permitted by Section 7.06 of the 2019O Lease, will not cause the Sublessee to violate its tax covenant set forth in Section 10.04 hereof and will not cause the State to violate its tax covenant set forth in Section 9.04 of the 2019O Lease.

Section 8.07. Property Damage, Defect or Title Event.

(a) If a Property Damage, Defect or Title Event occurs with respect to any portion of the Leased Property, the Net Proceeds received as a consequence thereof shall be deposited into a special trust fund held by the Trustee.

(b) If the costs of the repair, restoration, modification, improvement or replacement of the portion of the Leased Property affected by the Property Damage, Defect or Title Event are equal to or less than the Net Proceeds, the Net Proceeds shall be used promptly to repair, restore, modify, improve or replace the affected portion of the Leased Property and any excess shall be delivered to the Sublessee.

(c) If the costs of the repair, restoration, modification, improvement or replacement of the portion of the Leased Property affected by the Property Damage, Defect or Title Event are more than the Net Proceeds, then, the Sublessee shall elect one of the following alternatives:

(i) to use the Net Proceeds to promptly repair, restore, modify or improve or replace the affected portion of the Leased Property with property of a value equal to or in excess of the value of such portion of the Leased Property, in which case the Net Proceeds shall be used to pay a portion of the costs thereof and the Sublessee shall, subject to Article VI hereof, pay the remainder of such costs as Additional Rent;

(ii) to substitute property for the affected portion of the Leased Property pursuant to Section 8.06 hereof, in which case the Net Proceeds shall be delivered to the Sublessee; or

(iii) to use the Net Proceeds to promptly repair, restore, modify or improve or replace the affected portion of the Leased Property to the extent possible with the Net Proceeds.

(d) The Sublessee shall not voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim, performance or payment bond claim, prospective or pending condemnation proceeding, or any action relating to default or breach of warranty under any contract relating to any portion of the Leased Property without the written consent of the State and the Trustee.

(e) No Property Damage, Defect or Title Event shall affect the obligation of the Sublessee to pay Additional Rent hereunder.

Section 8.08. Condemnation by Sublessee. The Sublessee agrees that, to the extent permitted by law, in the event it brings an eminent domain or condemnation proceeding with respect to the Leased Property, such proceeding shall be with respect to all the Leased Property and the value of the Leased Property for purposes of such proceeding shall be not less than the Sublessee's Purchase Option Price.

Section 8.09. Personal Property of State or Sublessee. The State or the Sublessee, at their own expense, may install equipment and other personal property in or on any portion of the Leased Property, which equipment or other personal property shall not become part of the Leased Property unless it is permanently affixed to the Leased Property or removal of it would materially damage the Leased Property, in which case it will become part of the Leased Property.

ARTICLE IX

SUBLESSEE'S PURCHASE OPTION; CONVEYANCE TO SUBLESSEE UPON CONVEYANCE TO STATE

Section 9.01. Sublessee's Purchase Option.

(a) The Sublessee is hereby granted the option to purchase all, but not less than all, of the Leased Property subject to this Sublease following the occurrence of an Event of Default or an Event of Nonappropriation under the 2019O Lease by paying to the Trustee the "Sublessee's Purchase Option Price," which is an amount equal to (i) the principal amount of the Attributable Certificates (defined below in this subsection) and interest thereon through the closing date for the purchase of the Leased Property and (ii) all Additional Rent payable through the date of conveyance of such Leased Property to the Sublessee pursuant to Section 9.02 hereof, including, but not limited to, all fees and expenses of the Trustee and all expenses of the State relating to the conveyance of the Leased Property and the payment of the Attributable Certificates.

As used in this subsection, the term "Attributable Certificates" means, subject to the next sentence, (i) a principal amount of the Outstanding Series 2019O Certificates determined by multiplying the principal amount of all the Outstanding Series 2019O Certificates by a fraction, the numerator of which is the sum of the proceeds of the Series 2019O Certificates and the Allocated Investment Earnings deposited into the Sublessee's Project Account and the denominator of which is sum of the proceeds of the Series 2019O Certificates and the Allocated Investment Earnings deposited into the Project Accounts of all 2019O Sublessees; and (ii) which principal amount shall be allocated among the maturities of the Outstanding Series 2019O Certificates in proportion to the principal amount of each maturity of the Outstanding Series 2019O Certificates, rounded to the nearest $5,000 in principal amount of each such maturity. Notwithstanding the preceding sentence, if any portion of the Series 2019O Certificates has been paid, redeemed or defeased with the proceeds of another Series of Certificates, in applying this definition, Outstanding Certificates of the portion of the other Series of Certificates the proceeds of which were used to pay, redeem or defease the Series 2019O Certificates shall be substituted for the Series 2019O Certificates that were paid, redeemed or defeased. The rounding pursuant to the first sentence of this definition and the substitution of Outstanding Certificates of another Series of Certificates pursuant to the immediately preceding sentence shall be accomplished in any reasonable manner selected by the State in its sole discretion.

(b) In order to exercise its option to purchase the Leased Property pursuant to subsection (a) of this Section, the Sublessee must: (i) give written notice to the Trustee and the State within 15 Business Days after the Sublessee is notified by the Trustee that an Event of Default or an Event of Nonappropriation under the 2019O Lease has occurred (A) stating that the Sublessee intends to purchase the Leased Property pursuant to this Section, (B) identifying the Person to which the Leased Property is to be conveyed, (C) identifying the source of funds it will use to pay Sublessee's Purchase Option Price and (D) specifying a closing date for such purpose which is no more than 90 days after the delivery of such notice; and (ii) pay the Sublessee's Purchase Option Price to the Trustee in immediately available funds on the closing date.

(c) Upon payment of the Sublessee's Purchase Option Price to the Trustee pursuant to this Section, the Sublessee's obligation to pay, as applicable, Base Rent, principal of, premium, if any, and interest on its Matching Moneys Bond or Matching Moneys Installment Payments shall terminate and, if the Sublessee has delivered a Matching Moneys Bond, the State shall cancel such Matching Moneys Bond or return it to the Sublessee, as directed by the Sublessee.

Section 9.02. Conveyance of Leased Property. At the closing of any purchase of the Leased Property pursuant to Section 9.01 hereof, the State shall execute and deliver, and shall cooperate with the Sublessee to cause the Trustee to execute and deliver, to the Sublessee all necessary documents assigning, transferring and conveying to the Sublessee or its designee the same ownership interest in the Leased Property that was conveyed to the Trustee by the Site Lessor under its Site Lease to the Trustee, subject only to the following: (i) Permitted Encumbrances, other than this Sublease, the 2019O Lease, the Indenture and the Site Lease pursuant to which the Leased Property was leased to the Trustee; (ii) all liens, encumbrances and restrictions created or suffered to exist by the Trustee or the State as required or permitted by the 2019O Lease or this Sublease or arising as a result of any action taken or omitted to be taken by the Trustee or the State as required or permitted by this Sublease, the 2019O Lease, the Indenture, the Site Lease pursuant to which the Leased Property was leased to the Trustee; (iii) any lien or encumbrance created or suffered to exist by action of the Sublessee; and (iv) those liens and encumbrances (if any) to which the Leased Property was subject when acquired by the Trustee and the State.

Section 9.03. Conveyance to Sublessee upon Conveyance to State. If the Sublessee has complied with and performed all of its obligations under this Sublease and its Matching Moneys Bond, upon the conveyance of the Leased Property to the State pursuant to Section 8.04 of the 2019O Lease, the State shall assign, transfer and convey its ownership interest in the Leased Property to the Sublessee or its designee in the manner described in, and subject to the provisions of, Section 9.02 hereof without any additional payment by the Sublessee. Such conveyance of the State's ownership interest in the Leased Property will not, however, extinguish or otherwise affect the Sublessee's independent obligations to continue to pay any unpaid principal of, premium, if any, and interest on its Matching Moneys Bond pursuant to the terms of its Matching Moneys Bond or to pay its Matching Money Installment Payments hereunder.

ARTICLE X

GENERAL COVENANTS

Section 10.01. Further Assurances and Corrective Instruments. So long as this Sublease is in full force and effect and no Event of Nonappropriation or Event of Default shall have occurred, the State and the Sublessee shall have full power to carry out the acts and agreements provided herein and the Sublessee and the State, at the written request of the other, shall from time to time, execute, acknowledge and deliver or cause to be executed, acknowledged and delivered such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Leased Property leased or intended to be leased hereunder, or for otherwise carrying out the intention of or facilitating the performance of this Sublease.

Section 10.02. Compliance with Requirements of Law. On and after the date hereof, neither the State nor the Sublessee shall take any action with respect to the Leased Property that violates the terms hereof or is contrary to the provisions of any Requirement of Law. Without limiting the generality of the preceding sentence, the Sublessee, in particular, shall use the Leased Property in a manner such that (a) the Leased Property at all times is operated in compliance with all Requirements of Law; (b) all permits required by Requirements of Law in respect of the Sublessee's use of the Leased Property are obtained, maintained in full force and effect and complied with; (c) there shall be no hazardous substance, pollutant or contaminant (as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. § 9601, *et seq.*, any applicable state law or regulations promulgated under either), solid or hazardous waste (as defined in the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, *et seq.*, any applicable state law or regulations promulgated under either), special waste, petroleum or petroleum derived substance, radioactive material or waste, polychlorinated biphenyls, asbestos or any constituent of any of the foregoing located on, in or under the Leased Property in violation of any Requirements of Law; (d) there shall be no disposal of any of the items referred to in clause (c) on, from, into or out of the Leased Property in violation of any Requirements of Law; and (e) there shall be no spillage, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leeching, dumping, disposing, depositing or dispersing of any of the items referred to in clause (c) into the indoor or outdoor environment from, into or out of the Leased Property, including but not limited to the movement of any such items through or in the air, soil, surface water, ground water from, into or out of the Leased Property or the abandonment or discard of barrels, containers or other open or closed receptacles containing any such items from, into or out of the Leased Property in violation of any Requirements of Law.

Section 10.03. Participation in Legal Actions.

(a) At the request of and at the cost of the Sublessee (payable as Additional Rent hereunder), the State shall, and shall cooperate with the Sublessee to cause the Trustee to, join and cooperate fully in any legal action in which the Sublessee asserts its right to the enjoyment of the Leased Property; that involves the imposition of any charges, costs or other obligations or liabilities on or with respect to the Leased Property or the enjoyment of the Leased Property by the Sublessee; or that involves the imposition of any charges, costs or other obligations with respect to the Sublessee's execution, delivery and performance of its obligations under this Sublease, the Sublessee's Matching Moneys Bond or the Site Lease pursuant to which the Leased Property was leased to the Trustee.

(b) At the request of the State or the Trustee, the Sublessee shall, at the cost of the Sublessee (payable as Additional Rent hereunder), join and cooperate fully in any legal action in which the State or the Trustee asserts its ownership of or interest in the Leased Property; that involves the imposition of any charges, costs or other obligations on or with respect to the Leased Property for which the Trustee or the State is responsible under the 2019O Lease or this Sublease; or that involves the imposition of any charges, costs or other obligations with respect to the execution and delivery or acceptance of this Sublease, the Sublessee's Matching Moneys Bond, the Site Lease pursuant to which the Leased Property was leased to the Trustee, the 2019O Lease or the Indenture by the State or the Trustee or the performance of the obligations of the State or the Trustee hereunder or thereunder.

Section 10.04. Tax Covenant of Sublessee. The Sublessee (a) will not use or permit any other Person to use its Project and will not use, invest or direct any other Person to use or invest any moneys that it withdraws from its Project Account in a manner that would cause an Adverse Tax Event or Adverse Federal Direct Payment Event and (b) will comply with the certifications, representations and agreements set forth in the Tax Compliance Certificate executed and delivered by the Sublessee in connection with the execution of this Sublease. The Sublessee acknowledges that the State, in the 2019O Lease, has agreed to enforce the covenant of the Sublessee set forth in this Section against the Sublessee.

Section 10.05. Fees and Expenses of Trustee; State Expenses; Deposits to Rebate Fund; Rebate Calculations. The Additional Rent that may be payable by the Sublessee in accordance with Section 6.02 hereof shall include the Sublessee's Proportionate Share of (a) the fees and expenses payable to the Trustee pursuant to Section 9.05 of the 2019O Lease and any similar provision of any other Lease; (b) the costs and expenses incurred by the State in connection with the Leased Property, the Projects, the Certificates, the Leases, the Indenture, the Site Leases, the Subleases, the Participation Agreements, the Matching Money Bonds or any matter related thereto, including, but not limited to, a reasonable charge for the time of State employees and allocable overhead; (c) the amounts paid by the State pursuant to Section 9.06 of the 2019O Lease and any similar provision of any other Lease to make deposits to the Rebate Fund; and (d) the costs and expenses incurred in connection with the rebate calculations required by the Master Indenture.

Section 10.06. Investment of Funds. By authorizing the execution and delivery of this Sublease, the Sublessee specifically authorizes the investment of moneys held by the Trustee in Permitted Investments (as defined in the Indenture) where the period from the date of purchase thereof to the maturity date is in excess of five years.

ARTICLE XI

LIMITS ON OBLIGATIONS OF STATE

Section 11.01. Disclaimer of Warranties. THE STATE MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE LEASED PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE LEASED PROPERTY. In no event shall the State be liable for any incidental, special or consequential damage in connection with or arising out of this Sublease or the existence, furnishing, functioning or use by the Sublessee of any item, product or service provided for herein.

Section 11.02. Financial Obligations of State Limited to Sublessee's Project Account and Specified Amounts from the Assistance Fund. Notwithstanding any other provision hereof, all financial obligations of the State under this Sublease are limited to the Sublessee's Project Account and the specified amount of money in the Assistance Fund that is available to pay a portion of the Costs of the Sublessee's Project in accordance with Section 4.10 hereof.

ARTICLE XII

EVENTS OF DEFAULT AND REMEDIES

Section 12.01. Events of Default Defined.

(a) Any of the following shall constitute an "Event of Default" under this Sublease, subject to Section 14.22 hereof:

(i) failure by the Sublessee to pay, as applicable, any specifically appropriated Base Rent to the State on or before the applicable Base Rent Payment Date, any principal of, premium, if any, or interest on its Matching Moneys Bond when due or any Matching Moneys Installment Payment when due;

(ii) failure by the Sublessee to pay any Additional Rent for which funds have been specifically appropriated when due, or if such Additional Rent is payable to a Person other than the State, when nonpayment thereof has, or may have, a material adverse effect upon any of the Certificates, any of the Leased Property or the interest of the State in any of the Leased Property;

(iii) failure by the Sublessee to vacate the Leased Property within 90 days following an Event of Nonappropriation or Event of Default under this Sublease or a termination of the 2019O Lease as a result of an Event of Nonappropriation or Event of Default under the 2019O Lease;

(iv) any sublease, assignment, encumbrance, conveyance or other transfer of the interest of the Sublessee in all or any portion of this Sublease or the Leased Property in violation of Section 13.01 hereof or any succession to all or any portion of the interest of the Sublessee in the Leased Property in violation of Section 13.02 hereof; or

(v) failure by the Sublessee to observe and perform any covenant, condition or agreement on its part to be observed or performed in this Sublease, in its Matching Moneys Bond or in any other instrument related hereto or thereto (including but not limited to the Tax Compliance Certificate executed or issued in connection with this Sublease), other than as referred to in clause (i), (ii), (iii) or (iv) above, for a period of 30 days after written notice, specifying such failure and requesting that it be remedied shall be given to the Sublessee by the State, unless the State shall consent in writing to an extension of such time prior to its expiration; provided, however, that if the failure stated in the notice cannot be corrected within the applicable period, the State shall not withhold its consent to an extension of such time if corrective action shall be instituted within the applicable period and diligently pursued until the default is corrected.

(b) The provisions of subsection (a) of this Section are subject to the following limitations:

(i) the Sublessee shall remain obligated to pay, as applicable, principal of, premium, if any, and interest on its Matching Moneys Bond and its Matching Money Installment Payments when due, notwithstanding any termination of the Sublease Term or this Sublease or any limitation on any of the other obligations of the Sublessee hereunder;

(ii) the Sublessee shall be obligated to pay Rent only during the Sublease Term, except as otherwise expressly provided in Section 3.02(b)(ii) hereof; and

(iii) if, by reason of Force Majeure, the Sublessee shall be unable in whole or in part to carry out any agreement on its part herein contained, other than its obligation to pay money, the Sublessee shall not be deemed in default during the continuance of such inability; provided, however, that the Sublessee shall, as promptly as legally and reasonably possible, remedy the cause or causes preventing the Sublessee from carrying out such agreement, except that the settlement of strikes, lockouts and other industrial disturbances shall be solely within the discretion of the Sublessee; and provided further that this paragraph shall not apply to any obligation of the Sublessee under the Sublessee's Matching Moneys Bond or with respect to its Matching Moneys Installment Payments.

Section 12.02. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the State, with the consent of the Trustee, may take one or any combination of the following remedial steps:

(a) terminate the Sublease Term and give notice to the Sublessee to immediately vacate the Leased Property in the manner provided in Section 3.02(b) hereof;

(b) sell or lease its interest in all or any portion of the Leased Property;

(c) recover any of the following from the Sublessee that is not recovered pursuant to subsection (b) of this Section:

(i) the portion of Rent payable pursuant to Section 3.02(b)(ii) hereof;

(ii) all amounts due under the Sublessee's Matching Moneys Bond in accordance with the terms of the Sublessee's Matching Moneys Bond; and the portion of any Base Rent or Matching Moneys Installment Payments payable by the Sublessee for the then current Fiscal Year that has been specifically appropriated by the Sublessee's Governing Body, regardless of when the Sublessee vacates the Leased Property; and

(iii) the portion of the Additional Rent for the then current Fiscal Year that has been specifically appropriated by the Sublessee's Governing Body, but only to the extent such Additional Rent is payable prior to the date, or is attributable to the use of the Leased Property prior to the date, the Sublessee vacates the Leased Property;

(d) enforce any provision of this Sublease by equitable remedy, including, but not limited to, enforcement of the restrictions on assignment, encumbrance, conveyance, transfer or succession under Article XIII hereof by specific performance, writ of mandamus or other injunctive relief; and

(e) take whatever action at law or in equity may appear necessary or desirable to enforce its rights in and to the Leased Property under this Sublease, subject, however, to the limitations on the obligations of the Sublessee under Sections 6.05 and 12.03 hereof.

Section 12.03. Limitations on Remedies. A judgment requiring a payment of money may be entered against the Sublessee by reason of an Event of Default only as to the Sublessee's liabilities described in Section 12.02(c) hereof.

Section 12.04. No Remedy Exclusive. Subject to Section 12.03 hereof, no remedy herein conferred upon or reserved to the State is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Sublessee to exercise any remedy reserved in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article.

Section 12.05. Waivers. The State, with the consent of the Trustee, may waive any Event of Default under this Sublease and its consequences. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE XIII

TRANSFERS OF INTERESTS IN SUBLEASE OR LEASED PROPERTY

Section 13.01. Transfers Prohibited. Except as otherwise permitted by Section 8.04 hereof with respect to subleasing or grants of use of the Leased Property, Section 8.06 with respect to substitutions of other property for Leased Property and Section 13.02 hereof with respect to transfers of the Leased Property following termination of the Sublease Term or as otherwise required by law, the Sublessee shall not sublease, assign, encumber, convey or otherwise transfer all or any portion of its interest in this Sublease or the Leased Property to any Person, whether now in existence or organized hereafter.

Section 13.02. Transfer After Conveyance of Leased Property to Sublessee. Notwithstanding Section 13.01 hereof, the Sublessee may, with the Site Lessor's prior written consent, transfer its leasehold interest in the Leased Property after, and only after, this Sublease Term has terminated and the Leased Property has been conveyed to the Sublessee pursuant to Article IX hereof.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Binding Effect. This Sublease shall inure to the benefit of and shall be binding upon the Sublessee and the State and their respective successors and assigns, subject, however, to the limitations set forth in Article XIII hereof. This Sublease and the covenants set forth herein are expressly intended to be covenants, conditions and restrictions running with the Leased Property and the leasehold estate in the Leased Property under this Sublease.

Section 14.02. Interpretation and Construction. This Sublease and all terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Sublease. For purposes of this Sublease, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Sublease to designated "Articles," "sections," "subsections," "paragraphs," "clauses" and other subdivisions are to the designated Articles, Sections, subsections, paragraphs, clauses and other subdivisions of this Sublease. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Sublease as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities, subject to statutory exceptions and modifications, as in effect from time to time.

(d) The term "money" includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding."

Section 14.03. Acknowledgement of and Subordination to 2019O Lease and Indenture. The Sublessee has received copies of, and acknowledges the terms of, the 2019O Lease and the Indenture and agrees that its rights hereunder are subordinate and subject to the rights of the Trustee and the Owners of the Certificates under the 2019O Lease and the Indenture.

Section 14.04. Trustee, State and Sublessee Representatives. Whenever under the provisions hereof the approval of the Trustee, the State or the Sublessee is required, or the Trustee, State or the Sublessee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, for the State by the State Representative and by the Sublessee for the Sublessee Representative and the Trustee, the State and the Sublessee shall be authorized to act on any such approval or request. The Sublessee Representative is the ______________ of the Sublessee or any Person appointed as Sublessee Representative by such Person.

Section 14.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the State, to Colorado State Treasurer, 140 State Capitol, 200 E. Colfax Ave., Denver, CO 80203, Attention: Deputy Treasurer, facsimile number: 303-866-2123, with a copy to Colorado State Controller, 1525 Sherman Street, 5th floor, Denver, Colorado 80203, Attention: Robert Jaros, facsimile number: 303-866-4233, electronic mail address: Bob.Jaros@state.co.us, and with a copy to Public School Capital Construction Assistance Board, 1580 Logan Street, Suite 310, Denver, Colorado 80203, Attention: Chair, facsimile number: 303.866.6168, electronic mail address: scott.stevens@bvsd.org; if to the Trustee, to Zions Bancorporation, National Association, 1001 Seventeenth Street, Suite 850, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 855-547-6178, electronic mail address: denvercorporatetrust@zionsbank.com; [and] if to the Sublessee, to ___________________, Attention: _______________, facsimile number: ________, electronic mail address: __________[; and, if to the Sublessee's Chartering Authority, _____________, Attention: Superintendent, facsimile number: _____________, electronic mail address: ___________]. Any notice party may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 14.06. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the State or the Sublessee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the State or the Sublessee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the State or the Sublessee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the State or the Sublessee or any natural person executing this Sublease or any related document or instrument; provided, however, that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

Section 14.07. Amendments, Changes and Modifications. Except as otherwise provided herein, this Sublease may only be amended, changed, modified or altered by a written instrument executed by the State, the Assistance Board and the Sublessee.

Section 14.08. State May Rely on Certifications, Representations and Agreements of Sublessee. The State may rely on the certifications, representations and agreements of the Sublessee in this Sublease (including any Exhibit hereto) and may assume that the Sublessee will perform all of its obligations under this Sublease for purposes of making certifications, representations and agreements to and with the Trustee in the 2019O Lease and making certifications and representations to Bond Counsel, Owners or potential Owners of Certificates and any other Person with respect to the Leased Property, the Projects, the Leases, the Site Leases, the Matching Moneys Bonds, the Certificates, the Indenture or any matter related thereto.

Section 14.09. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Sublease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Sublease.

Section 14.10. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to this Sublease is set forth in Exhibit B hereto. If the land included in Leased Property subject to this Sublease is modified pursuant to the terms of this Sublease or other land is substituted for land included in the Leased Property subject to this Sublease pursuant to the terms of this Sublease, the legal description set forth in Exhibit B hereto will be amended to describe the land included in the Leased Property subject to this Sublease after such modification or substitution.

Section 14.11. Merger. The State, the Trustee, the Site Lessor of the Leased Property and the Sublessee intend that the legal doctrine of merger shall have no application to this Sublease, the 2019O Lease or the Site Lease pursuant to which the Leased Property is leased to the Trustee by the Sublessee or the Sublessee's Chartering Authority and that none of the execution and delivery of this Sublease by the State and the Sublessee, the 2019O Lease by the Trustee and the State or such Site Lease by the Site Lessor and the Trustee or the exercise of any remedies by any party under this Sublease, the 2019O Lease or such Site Lease shall operate to terminate or extinguish this Sublease, the 2019O Lease or Site Lease.

Section 14.12. Severability. In the event that any provision of this Sublease, other than the obligation of the Sublessee to pay Additional Rent hereunder and the obligation of the State to provide quiet enjoyment of the Leased Property, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 14.13. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Sublease.

Section 14.14. Applicable Law. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of this Sublease. Any provision of this Sublease, whether or not incorporated herein by reference, which provides for arbitration by an extra-judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision hereof or incorporated herein by reference which purports to negate this Section in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this Section will not invalidate the remainder of this Sublease to the extent that this Sublease is capable of execution. At all times during the performance of this Sublease, the Sublessee shall strictly adhere to all applicable federal and State laws, rules and regulations that have been or may hereafter be established.

Section 14.15. Execution in Counterparts. This Sublease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.16. State Controller's Approval. This Sublease shall not be deemed valid until it has been approved by the State Controller or such assistant as the State Controller may designate. Financial obligations of the State payable after the current Fiscal Year are contingent upon funds for that purpose being appropriated, budgeted and otherwise made available.

Section 14.17. Non-Discrimination. The Sublessee agrees to comply with the letter and the spirit of all applicable State and federal laws respecting discrimination and unfair employment practices.

Section 14.18. Vendor Offset. Pursuant to C.R.S. §§ 24-30-202(1) and 24-30-202.4, the State Controller may withhold payment of certain amounts owed by State agencies under the State's vendor offset intercept system for (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in C.R.S. § 39 21-101 et seq.; (c) unpaid loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) other unpaid debts certified by the State Controller as owing to the State as a result of final agency determination or judicial action.

Section 14.19. Employee Financial Interest. The signatories to this Sublease aver that, to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described herein.

Section 14.20. Accounting Allocation of State's Base Rent. Exhibit C hereto allocates the Base Rent payments of the State under the 2019O Lease among the 2019O Sublessees for accounting purposes. Exhibit C is included solely at the request of the Sublessee for its accounting purposes and shall not affect, and may not be used to determine, any rights or obligations of the State, the Sublessee or any other Person under this Sublease, the 2019O Lease, the Indenture or the Site Lease or for any other purpose.

Section 14.21. Assistance Board as Party. The Assistance Board is a party to this Sublease solely for the purpose of complying with the Act. Except as otherwise provided in Section 14.05 and 14.07 hereof, all actions hereunder or with respect hereto may be taken by the State, acting by and through the State Treasurer, without any participation by the Assistance Board.

Section 14.22. Rights and Obligations of Sublessee's Chartering Authority. Notwithstanding any other provision of this Sublease, if the Sublessee's Chartering Authority is a party to this Sublease:

(a) The Sublessee's Chartering Authority is a party to this Sublease solely for purposes of this Section.

(b) If (i) the Sublessee's Charter is terminated or expires for any reason, (ii) the Sublessee attempts, without the written consent of the State and the Sublessee's Chartering Authority, to transfer all or any portion of its interest in, to sublease or to grant the right to use the Leased Property to any other Person other than the Sublessee's Chartering Authority (except for a right to use that does not interfere with the operation of the Leased Property as a charter school in accordance with the Sublessee's Charter) or (iii) the Sublessee fails to use the Leased Property as a charter school in accordance with its Charter, then, automatically, without any further action by any Person, all the rights and obligations of the Sublessee under this Sublease and to the Leased Property shall terminate and the Sublessee's Chartering Authority shall succeed to all the rights and obligations of the Sublessee under this Sublease and to the Leased Property. If any such event occurs, the Sublessee and the Sublessee's Chartering Authority shall immediately deliver written notice to the State and the Trustee and the Sublessee, the Sublessee's Chartering Authority, the State and the Trustee shall take all actions reasonably requested by any of them to evidence such termination and succession, but a failure to deliver any such notice or take any such action shall not affect the operation of the first sentence of this subsection.

(c) If an Event of Default or Event of Nonappropriation under the 2019O Lease has occurred and the Sublessee has not delivered the notice required to be delivered to the Trustee and the State under Section 9.01(b)(i) hereof or the Sublessee has delivered such notice but has failed to pay the Sublessee's Purchase Option Price on the closing date pursuant to Section 9.01 hereof, the State shall notify the Sublessee's Chartering Authority and the Sublessee's Chartering Authority shall have the option to purchase the Leased Property in accordance with Section 9.01 hereof; provided that the Site Lessor shall have an additional 15 Business Days after delivery of the notice from the State to deliver a notice to the Trustee and the State in accordance with Section 9.01(b)(i) hereof.

(d) If, but for the application of this Section, an Event of Default has occurred or events have occurred that, with the passage of time without a cure, will result in an Event of Default (for purposes of this Section, a "prospective Event of Default"), the State shall notify the Sublessee's Chartering Authority and the Sublessee's Chartering Authority shall have the right to cure the prospective Event of Default within the time period available to the Sublessee under Section 12.01 hereof plus 15 Business Days. If the Sublessee's Chartering Authority cures the prospective Event of Default pursuant to this subsection, no Event of Default shall be deemed to have occurred and the Sublessee's Chartering Authority shall have the option to succeed to all rights and obligations of the Sublessee under this Sublease by delivering a written notice to the State and the Trustee that it desires to do so. If the Sublessee delivers such a notice, it shall automatically, without any further action by any Person, succeed to the rights and obligations of the Sublessee under this Sublease and the State and the Trustee shall take all actions reasonably requested by the Sublessee's Chartering Authority to effect and evidence such succession.

(e) If (i) the Sublessee's Chartering Authority is the Site Lessor under the Site Lease pursuant to which the Leased Property subject to this Sublease is leased to the Trustee and (ii)(A) such Leased Property is conveyed by the Trustee to the State pursuant to the Lease pursuant to which such Leased Property is leased to the State or (B) such Leased Property is conveyed by the State to the Sublessee pursuant to Section 9.03 hereof, then, the Sublessee and the Sublessee's Chartering Authority agree that such Site Lease shall, pursuant to Section 11.03 thereof, continue with the Sublessee succeeding to the rights and obligations of the Trustee thereunder.

THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE OF ________________________ AS OF THE DATE FIRST SET FORTH ABOVE

* Person(s) signing hereby swear and affirm that they are authorized to act and acknowledge that the State is relying on their representations to that effect.

[SUBLESSEE] ______________________________ Name, Title [DISTRICT SEAL] Attest: ______________________________ Name, Title [SUBLESSEE'S CHARTERING AUTHORITY] By: __________ Title: __________ ______________________________ *Signature	**STATE OF COLORADO** **Jared S. Polis, GOVERNOR** Department of the Treasury David L. Young, Treasurer ______________________________ By Eric Rothaus, Deputy Treasurer
STATE OF COLORADO **Jared S. Polis GOVERNOR** Department of Personnel & Administration Office of the State Architect, Real Estate Programs For the Executive Director By: ______________________________ Brandon Ates, Manager of Real Estate Programs	**PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD**, acting on behalf of the State of Colorado By:______________________________ Scott Stevens, Chair
	STATE OF COLORADO **Jared S. Polis, GOVERNOR** **LEGAL REVIEW** **Phil Weiser, Attorney General** By:______________________________ Lori Ann F. Knutson, First Assistant Attorney General

ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER

CRS §24-30-202 requires the State Controller to approve all State Contracts. This Sublease is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If Contractor begins performing prior thereto, the State of Colorado is not obligated to pay Contractor for such performance or for any goods and/or services provided hereunder.

STATE CONTROLLER
Robert Jaros, MBA, CPA, JD

By:______________________________
Robert Jaros, State Controller

Date:____________________

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ___ day of December, 2019, by Eric Rothaus, Deputy Treasurer, acting on behalf of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

The foregoing instrument was acknowledged before me this ___ day of [November/December], 2019, by Scott Stevens, Chair of the Public School Capital Construction Assistance Board, acting on behalf of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

STATE OF COLORADO)
) ss.
COUNTY OF _________)

The foregoing instrument was acknowledged before me this ___ day of December, 2019, by _______, as President, and _______, as Secretary, of [Name of Sublessee].

WITNESS MY HAND AND OFFICIAL SEAL the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

[ADD CHARTER NOTARY IF APPLICABLE]

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[omitted for form of Series 2019O Sublease appended to Official Statement]

EXHIBIT B

SPECIFICATIONS FOR PROJECT

[omitted for form of Series 2019O Sublease appended to Official Statement]

EXHIBIT C

ACCOUNTING ALLOCATION OF STATE'S BASE RENT

[omitted for form of Series 2019O Sublease appended to Official Statement]

EXHIBIT D

MATCHING MONEYS

[omitted for form of Series 2019O Sublease appended to Official Statement]

EXHIBIT E

FORM OF ASSISTANCE FUND REQUISITION

[omitted for form of Series 2019O Sublease appended to Official Statement]

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Disclosure Certificate") is executed and delivered by the State of Colorado (the "State"), acting by and through the Department of the Treasury, in connection with the execution and delivery of the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2019O (the "Certificates"), evidencing assignments of proportionate interests in the right to receive certain payments payable under (a) the annually renewable State of Colorado Building Excellent Schools Today Series 2019O Lease Purchase Agreement, dated as of December 5, 2019, entered into by and between Zions Bancorporation, National Association, as trustee (the "Trustee") under the State of Colorado Building Excellent Schools Today Master Trust Indenture dated August 12, 2009 (as amended and supplemented from time to time, the "Indenture"), as lessor, and the State, acting by and through the State Treasurer, as lessee, and (b) any other lease entered into by and between the Trustee, as lessor, and the State, as lessee, pursuant to the Indenture. The Certificates are being delivered pursuant to the Indenture and under authority granted by the laws of the State, including particularly Article 43.7 of Title 22, Colorado Revised Statutes.

The State covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the State for the benefit of the Owners of the Certificates and in order to allow the Participating Underwriters (as defined by Rule 15c2-12) to comply with Rule 15c2-12.

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Financial Information" means the financial information or operating data with respect to the State, delivered at least annually pursuant to Section 3 hereof, of the type set forth in the Official Statement, including but not limited to, such financial information and operating data under "APPENDIX E – THE STATE GENERAL FUND," "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND," "APPENDIX H – LEASED PROPERTY RELATING TO THE PRIOR CERTIFICATES" and "APPENDIX J – STATE PENSION SYSTEM."

"Audited Financial Statements" means the annual financial statements for the State, prepared in accordance with generally accepted accounting principles as applicable to governmental entities as in effect from time to time, audited by the State Auditor.

"Events" means any of the events listed in Section 4(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board. As of the date hereof, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" means the final Official Statement delivered in connection with the original issue and sale of the Certificates.

"Owner of the Certificates" means the registered owner of the Certificates, and so long as the Certificates are subject to the book entry system, any Beneficial Owner as such term is defined in the Indenture.

"Rule 15c2-12" shall mean Rule 15c2-12 adopted by the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Information.

(a) Commencing with the Fiscal Year ended June 30, 2019, and annually while the Certificates remain outstanding, the State shall provide to the MSRB the Annual Financial Information and Audited Financial Statements.

(b) Such Annual Financial Information shall be provided by the State not later than 270 days after the end of each Fiscal Year of the State. The Audited Financial Statements will also be provided not later than 270 days after the end of each Fiscal Year; provided, however, that in the event the Audited Financial Statements are not available within the time specified, such Audited Financial Statements will be provided thereafter as soon as they are available.

(c) The State may provide Annual Financial Information and Audited Financial Statements by specific cross-reference to other documents which have been submitted to the MSRB or filed with the U.S. Securities and Exchange Commission. If the document so referenced is a final official statement within the meaning of Rule 15c2-12, such final official statement must also be available from the MSRB. The State shall clearly identify each such other document so incorporated by cross-reference.

SECTION 4. Reporting of Events.

(a) The State shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the Event, notice of any of the Events listed below with respect to the Certificates:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancement relating to the Certificates reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events or events affecting the tax status of the Certificates.

7. Modifications to the rights of the security holders, if material.

8. Certificate calls (other than mandatory sinking fund redemption), if material, and tender offers.

9. Defeasances.

10. Release, substitution or sale of property securing repayment of the securities, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the obligated person (as defined in Rule 15c2-12)[1].

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a Financial Obligation[2] of the State or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the State or obligated person, any of which affect the Owners of the Certificates, if material.

16. Default, event of acceleration, termination event, modification of terms or other similar events under the terms of the Financial Obligation of the State or obligated person, any of which reflect financial difficulties.

(b) At any time when the Certificates are Outstanding and the State obtains knowledge of the occurrence of an Event, the State shall determine if any Event under subsection (a)(2)(7),(8, with respect to calls but not tender offers), (10), (13) or (14) would constitute material information for Owners of the Certificates.

(c) At any time the Certificates are outstanding, the State shall provide, in a timely manner after the occurrence thereof, to the MSRB, notice of any failure of the State to timely provide the Annual Financial Information as specified in Section 3 hereof.

SECTION 5. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 6. Term. This Disclosure Certificate shall be in effect from and after the execution and delivery of the Certificates and shall extend to the earliest of (a) the date all principal and interest on the Certificates shall have been deemed paid pursuant to the terms of the Indenture; (b) the date that the State shall no longer constitute an "obligated person" with respect to the Certificates within the meaning of Rule 15c2-12; and (c) the date on which those portions of Rule 15c2-12 which require this Disclosure

[1] For the purposes of this event, identified in Section 4(a)(12) hereof, the event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

[2] "Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

Undertaking are determined to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Certificates, which determination may be made in any manner deemed appropriate by the State, including by an opinion of an attorney or firm of attorneys experienced in federal securities law selected by the State. The State shall file a notice of any such termination with the MSRB.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the State may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is required or permitted by Rule 15c2-12. Written notice of any such amendment or waiver shall be provided by the State to the MSRB, and the Annual Financial Information shall explain the reasons for the amendment and the impact of any change in the type of information being provided.

SECTION 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other annual information or notice of occurrence of an event which is not an Event, in addition to that which is required by this Disclosure Certificate; provided that the State shall not be required to do so. If the State chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Disclosure Certificate, the State shall have no obligation under this Disclosure Certificate to update such information or include it in any future annual filing or notice of occurrence of an Event.

SECTION 9. Default and Enforcement. If the State fails to comply with any provision of this Disclosure Certificate, any Owner of the Certificates may take action to seek specific performance by court order to compel the State to comply with its undertaking in this Disclosure Certificate; provided that any Certificate Owner seeking to require the State to so comply shall first provide at least 30 days' prior written notice to the State Treasurer of the State's failure (giving reasonable details of such failure), following which notice the State shall have 30 days to comply and, provided further, that only the Owners of no less than a majority in aggregate principal amount of the Certificates may take action to seek specific performance in connection with a challenge to the adequacy of the information provided by the State in accordance with this Disclosure Certificate, after notice and opportunity to comply as provided herein, and such action shall be taken only in a court of jurisdiction in the State. A DEFAULT UNDER THIS DISCLOSURE CERTIFICATE SHALL NOT BE DEEMED AN EVENT OF DEFAULT UNDER THE INDENTURE OR THE CERTIFICATES, AND THE SOLE REMEDY UNDER THIS DISCLOSURE CERTIFICATE IN THE EVENT OF ANY FAILURE OF THE STATE TO COMPLY WITH THIS DISCLOSURE CERTIFICATE SHALL BE AN ACTION TO COMPEL PERFORMANCE.

SECTION 10. Beneficiaries. The Disclosure Certificate shall inure solely to the benefit of the State, the Participating Underwriters and Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the State has caused this Continuing Disclosure Undertaking to be executed effective as of December 5, 2019.

STATE OF COLORADO, acting by and through the Department of the Treasury

By:____________________________________
Deputy Treasurer

APPENDIX D

FORM OF BOND COUNSEL OPINION

KUTAK ROCK LLP
DENVER, COLORADO

December 5, 2019

State of Colorado,
acting by and through the State Treasurer
Zions Bancorporation, National Association,
as Trustee
RBC Capital Markets, LLC
KeyBanc Capital Markets
Wells Fargo Securities

$165,805,000
State of Colorado
Building Excellent Schools Today Certificates of Participation
Tax-Exempt Series 2019O

Ladies and Gentlemen:

We have been engaged by the State of Colorado, acting by and through the State Treasurer (the "State"), to act as bond counsel in connection with the execution and delivery of the Building Excellent Schools Today Certificates of Participation Tax-Exempt Series 2019O (the "Series 2019O Certificates"). The Series 2019O Certificates are being executed and delivered pursuant to the Building Excellent Schools Today Act, part 1, article 43.7, title 22, Colorado Revised Statutes, as amended; and the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009, as supplemented by the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Indenture dated as of August 12, 2009, the State of Colorado Building Excellent Schools Today Series 2010B-C Supplemental Indenture dated as of March 16, 2010, the State of Colorado Building Excellent Schools Today Series 2010D-F Supplemental Trust Indenture dated as of December 16, 2010, the State of Colorado Building Excellent Schools Today Series 2011G Supplemental Trust Indenture dated as of December 8, 2011, the State of Colorado Building Excellent Schools Today October 2012 Supplemental Trust Indenture dated as of October 31, 2012, the State of Colorado Building Excellent Schools Today Series 2012H Supplemental Trust Indenture dated as of December 6, 2012, the State of Colorado Building Excellent Schools Today Series 2013I Supplemental Trust Indenture dated as of December 9, 2013, the State of Colorado Building Excellent Schools Today 2015 Supplemental Trust Indenture dated as of February 12, 2015, the State of Colorado Building Excellent Schools Today Series 2017J Supplemental Trust Indenture dated as of December 7, 2017, the State of Colorado Building Excellent Schools Today Series 2017K Supplemental Trust Indenture dated as of December 7, 2017, the State of Colorado Building Excellent Schools Today Series 2018L Supplemental Trust Indenture dated as of September 18, 2018, the State of Colorado Building Excellent Schools Today Series 2018M Supplemental Trust Indenture dated as of September 18, 2018, the State of Colorado Building Excellent Schools Today Series 2018N Supplemental Trust Indenture dated as of December 6, 2018, and the State of Colorado Building Excellent Schools Today Series 2019O Supplemental Trust Indenture dated as of December 5, 2019 (collectively, the "Indenture") by Zions Bancorporation, National Association, as trustee thereunder (the "Trustee"). The Series 2019O Certificates evidence undivided interests in the right to certain payments by the State under the State of Colorado

Building Excellent Schools Today Series 2019O Lease Purchase Agreement dated as of December 5, 2019 (the "2019O Lease"), the State of Colorado Building Excellent Schools Today Series 2018N Lease Purchase Agreement dated as of December 6, 2018 (the "2018N Lease"), the State of Colorado Building Excellent Schools Today Series 2018L Amended and Restated Lease Purchase Agreement dated as of September 18, 2018 (the "2018L Lease"), the State of Colorado Building Excellent Schools Today Series 2018M Amended and Restated Lease Purchase Agreement dated as of September 18, 2018 (the "2018M Lease"), the State of Colorado Building Excellent Schools Today Series 2017J Lease Purchase Agreement dated as of December 7, 2017 (the "2017J Lease"), the State of Colorado Building Excellent Schools Today Series 2017K Amended and Restated Lease Purchase Agreement dated as of December 7, 2017 (the "2017K Lease"), the State of Colorado Building Excellent Schools Today 2015 Lease Purchase Agreement dated as of February 12, 2015 (the "2015 Lease"), the State of Colorado Building Excellent Schools Today Series 2013I Lease Purchase Agreement dated as of December 9, 2013 (the "2013I Lease"), the State of Colorado Building Excellent Schools Today Series 2012H Lease Purchase Agreement dated as of December 6, 2012 (the "2012H Lease") and the State of Colorado Building Excellent Schools Today Series 2009A Lease Purchase Agreement dated as of September 12, 2009 (the "2009A Lease"; and, together with the 2019O Lease, the 2018N Lease, the 2018M Lease, the 2018L Lease, the 2017K Lease, the 2017J Lease, the 2015 Lease, the 2013I Lease and the 2012H Lease, the "Leases") by and between the Trustee, as lessor, and the State, as lessee. Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture.

We have examined the documents listed in the preceding paragraph, the 2019O Site Leases pursuant to which the 2019O Leased Property has been leased to the Trustee by the 2019O Site Lessors, the 2019O Subleases pursuant to which the 2019O Leased Property has been subleased to the 2019O Sublessees by the State and the Tax Compliance Certificates executed and delivered by the State and the 2019O Sublessees in connection with the execution and delivery of the Series 2019O Certificates; the Constitution and the laws of the State; the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations, rulings and judicial decisions relevant to the opinions set forth herein; and the proceedings, certificates, documents, opinions and other papers delivered in connection with the execution and delivery of the Series 2019O Certificates. As to questions of fact material to our opinion, we have relied upon the representations and certifications set forth in the items examined, without undertaking to verify the same by independent investigation. We have assumed the due authorization, execution and delivery by the Trustee and the enforceability against the Trustee of the Leases, the Indenture and the Series 2019O Certificates, the due authorization, execution and delivery by each Site Lessor and the enforceability against each Site Lessor of its Site Lease, the due authorization, execution and delivery by each Sublessee and the enforceability against each Sublessee of its Sublease, and the due authorization, execution and delivery by each Sublessee its respective Tax Compliance Certificate; have relied upon, and assumed the correctness of the legal conclusions stated in, the opinion delivered by the Attorney General of the State in connection with the execution and delivery of the Series 2019O Certificates with respect to the authorization, execution and delivery of the Leases, the 2019O Subleases and the State's Tax Compliance Certificate by the State, the enforceability of the 2019O Subleases and the State's Tax Compliance Certificate against the State (but not the enforceability of the 2019O Lease) and other matters; and have assumed that the State, the Trustee, the Site Lessors, the Sublessees and other parties will comply with, and perform their obligations in accordance with, the Leases, the Indenture, the Site Leases, the Subleases and the Tax Compliance Certificates of the State and the Sublessees.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, that:

1. The State has the power to enter into and perform its obligations under the 2019O Lease.

2. The 2019O Lease has been duly authorized, executed and delivered by the State and is the legal, valid and binding obligation of the State enforceable against the State in accordance with its terms.

3. The Series 2019O Certificates evidence legal, valid and binding undivided interests in the right to certain payments, as provided in the Series 2019O Certificates and the Indenture, from Base Rent payable by the State under the Leases as provided in the Leases.

4. Under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2019O Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence assume compliance by the State and the Sublessees with certain covenants relating to requirements of the Code that must be met subsequent to the delivery of the Series 2019O Certificates. Failure to comply with such requirements could cause such interest to be included in gross income for federal income tax purposes, retroactive to the date of delivery of the Series 2019O Certificates. We express no opinion regarding (a) the effect of any termination of the State's obligations under the Leases, under certain circumstances as provided in the Leases, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2019O Certificates; or (b) any other federal tax consequences related to the ownership or disposition of the Series 2019O Certificates.

5. Under existing State of Colorado statutes, the interest received by the Owners of the Series 2019O Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. We express no opinion regarding (i) the effect of any termination of the State's obligations under the Leases on interest received or income of the Owners of the Series 2019O Certificates subsequent to such termination; or (ii) any other tax consequences related to the ownership or disposition of Series 2019O Certificates under the laws of the State of Colorado or any other state or jurisdiction.

The rights of the Owners of the Series 2019O Certificates and the enforceability of the Series 2019O Certificates and of the 2019O Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise of judicial discretion, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

This opinion is limited to the matters specifically set forth herein and we offer no other opinion or advice as to any other aspect of the transaction generally described herein. In particular, but without limitation, we offer no opinion or advice as to the enforceability of the Site Leases, the Leases, the Indenture or the Series 2019O Certificates against the Trustee; the enforceability of the Site Leases against the Site Lessors; the enforceability of the Subleases against the State or the Sublessees, the creditworthiness or financial condition of the State, the Trustee or any other person; the accuracy or completeness of the statements made in connection with the offer and sale of the Series 2019O Certificates; or the ability of the State to use moneys from any particular source for the purpose of making payments under the Leases.

This opinion is solely for the benefit of the addressees in connection with the original delivery of the Series 2019O Certificates and may not be relied upon by any other person or for any other purpose without our express written consent.

This opinion is based solely on the Constitution and laws of the State, the provisions of the Code and the regulations, rulings and judicial decisions relevant to the opinions set forth herein, the other items described in the second paragraph hereof and the assumptions set forth herein. The opinions set forth herein may be affected by changes in the items described in the second paragraph hereof and actions taken or omitted or events occurring after the date hereof. This opinion speaks only as of its date and our engagement with respect to the Series 2019O Certificates has concluded with the delivery of this opinion. We have no obligation to update this opinion or to inform any person about any changes in the items described in the second paragraph hereof, any actions taken or omitted or events occurring after the date hereof or any other matters that may come to our attention after the date hereof.

Respectfully submitted,

* * *

APPENDIX E

THE STATE GENERAL FUND

General

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. As required by GAAP, the General Fund reported in the State's financial statements includes a large number of statutorily created special State funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. The following discussion of the General Fund represents the legal and accounting entity referred to in the State's Fiscal Year 2017-18 CAFR and Fiscal Year 2018-19 Unaudited BFS as the General Purpose Revenue Fund.

General Fund Revenue Sources

The major revenue sources to the General Fund are individual and corporate income taxes and sales and use taxes. The State also imposes excise taxes on the sale of cigarettes, tobacco products and liquor, and receives revenues from a diverse group of other sources such as insurance taxes, pari-mutuel taxes, interest income, court receipts and gaming taxes. The following table sets forth the State's receipts from major revenue sources for the past five Fiscal Years, as well as current OSPB estimates for Fiscal Years 2019-20 and 2020-21. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST," as well as the preliminary notices in this Official Statement regarding forward-looking statements.

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State of Colorado
General Fund Revenue Sources

(Accrual basis; dollar amounts expressed in millions)

	Actual										OSPB September 2019 Revenue Forecast			
	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Preliminary Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21	
Revenue Source	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**
Excise Taxes:														
Sales Tax[1]	$2,619.2	8.0%	$2,652.6	1.3%	$ 2,826.1	6.5%	$ 3,094.2	9.5%	$ 3,246.6	4.9%	$ 3,484.6	7.3%	$ 3,641.9	4.5%
Use Tax	260.3	7.8	241.2	(7.3)	259.5	7.6	309.9	19.4	345.5	11.5	328.7	(4.9)	338.2	2.9
Cigarette Tax	37.9	3.6	37.2	(1.8)	36.6	(1.7)	34.6	(5.5)	32.6	(5.8)	32.9	1.0	30.6	(7.0)
Tobacco Products	17.8	5.3	21.1	18.5	21.2	0.6	16.4	(22.7)	27.7	69.1	23.2	(16.5)	23.3	0.5
Liquor Tax	41.5	2.8	43.6	5.0	45.0	3.3	46.5	3.3	48.3	3.9	49.2	1.8	49.8	1.3
Total Excise Taxes	2,976.7	7.8	2,995.7	0.6	3,188.4	6.4	3,501.6	9.8	3,700.8	5.7	3,918.5	5.9	4,083.7	4.2
Income Taxes:														
Net Individual Income Tax	6,350.1	11.5	6,526.5	2.8	6,760.9	3.6	7,577.2	12.1	8,247.0	8.8	8,630.3	4.6	8,945.9	3.7
Net Corporate Income Tax	692.9	(3.9)	652.3	(5.8)	509.3	(21.9)	781.9	53.5	919.8	17.6	863.1	(6.2)	930.1	7.8
Total Income Taxes	7,043	9.8	7,178.8	1.9	7,270.2	1.3	8,359.1	15.0	9,166.8	9.7	9,493.4	3.6	9,876.0	4.0
Less State Education Fund Diversion[2]	(519.8)	8.6	(522.6)	0.5	(540.0)	(3.3)	(617.0)	(14.3)	(678.3)	9.9	(701.3)	3.4	(740.7)	5.6
Total Income Taxes to the General Fund	6,523.1	9.9	6,656.2	2.0	6,730.2	1.1	7,742.1	15.0	8,488.4	9.6	8,792.1	3.6	9,135.3	3.9
Other Revenues:														
Insurance	256.7	7.4	280.3	9.2	290.5	3.6	303.6	4.5	314.9	3.7	328.2	4.2	338.4	3.1
Interest Income	8.9	(41.7)	12.4	40.3	14.7	18.6	19.5	32.4	26.5	35.8	28.2	6.4	29.2	3.6
Pari-Mutuel	0.6	0.2	0.6	0.5	0.6	(6.6)	0.5	(10.7)	0.5	(1.7)	0.5	(2.0)	0.5	(2.0)
Court Receipts	2.6	0.3	3.5	34.5	4.1	17.5	4.4	7.6	4.2	(5.3)	4.3	2.4	4.3	0.0
Other Income[3]	34.0	59.3	22.6	(33.7)	47.3	109.7	152.2	221.7	48.9	(67.9)	24.6	(49.6)	25.6	4.0
Total Other	302.7	8.4	319.4	5.5	357.2	11.8	480.2	34.4	395.0	(17.8)	385.8	(2.3)	398.0	3.2
Gross General Fund	**$9,802.6**	**9.2%**	**$9,971.4**	**1.7%**	**$10,275.8**	**3.1%**	**$11,723.9**	**14.1%**	**$12,584.2**	**7.3%**	**$13,096.4**	**4.1%**	**$13,617.0**	**4.0%**

[1] State voters approved Proposition AA in November of 2013, which included the imposition by the State of a sales tax of 10% on sales of retail marijuana and retail marijuana products effective January 2014. Per SB 17-267, this tax is increased to 15% effective July 1, 2017. The revenue derived from this sales tax is shared by the State and local governments where such sales occur. Through Fiscal Years 2016-17, the entire State share of this revenue is first credited to the General Fund and then transferred to the Marijuana Tax Cash Fund. Per SB 17-267, for Fiscal Year 2019-20, 28.15% of the State share of this revenue, less $30 million, is to be retained in the General Fund, 71.85% is to be transferred to the Marijuana Tax Cash Fund and $30 million is to be credited to the Public School Fund and distributed to rural school districts. Proposition AA also approved the imposition by the State of an excise tax of 15% on certain sales of unprocessed retail marijuana effective January 2014 that does not flow through the General Fund but is mostly credited directly to a cash fund for public school capital construction projects. See "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA.*"

[2] All individual and corporate income tax revenues are deposited to the General Fund and then a portion of the amount is diverted by law to the State Education Fund.

[3] Other income in Fiscal Year 2017-18 includes receipt of a one-time settlement payment under the Tobacco Master Settlement Agreement.

Source: Office of State Planning and Budgeting

General Fund Overview

The following table summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for the past five Fiscal Years, as well as the forecasts for Fiscal Years 2019-20 and 2020-21 from the OSPB September 2019 Revenue Forecast. The overview incorporates the budget under current law as of the publication of the OSPB September 2019 Revenue Forecast for Fiscal Years 2019-20 and 2020-21. Any new budget information will be incorporated in subsequent OSPB revenue forecasts. The format of the following table is used by the State in developing its annual budget, as discussed in "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations." See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST," as well as the preliminary notices in this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Overview

(Dollar amounts expressed in millions; totals may not add due to rounding)

	Actual (Unaudited) [1]					OSPB September 2019 Revenue Forecast	
	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Preliminary Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21[2]
REVENUE:							
Beginning Reserve	$ 435.9	$ 689.6	$ 512.7	$ 614.5	$ 1,366.0	$ 1,139.7	$1,046.3
Gross General Fund Revenue	9,802.6	9,971.4	10,275.8	11,723.9	12,584.2	13,096.4	13,617.0
Transfers to the General Fund	64.9	24.1	44.8	98.6	17.2	71.3	19.2
TOTAL GENERAL FUND REVENUE AVAILABLE FOR EXPENDITURE	10,303.4	10,685.1	10,833.4	12,436.9	13,967.4	14,307.4	14,682.5
EXPENDITURES:							
Appropriation Subject to Limit [3]	8,869.0	9,335.6	9,784.5	10,430.9	11,230.5	12,015.3	12,732.8
Dollar Change From Prior Year	650.3	466.6	448.9	646.4	799.6	784.8	717.5
Percent Change From Prior Year	7.9%	5.3%	4.8%	6.6%	7.7%	7.0%	6.0%
Spending Outside Limit:	785.7	895.1	640.1	784.5	1,597.2	1,245.9	1,026.6
TABOR Refund under Subsection (7)(d) [4]	169.7	--	--	39.8	428.3	348.1	551.6
TABOR Refund under Subsection (3)(c) [5]	58.0	(58.0)	--	--	--	--	--
Homestead Exemption (Net of TABOR Refund)[6]	--	--	--	132.3	106.4	--	--
Other Rebates and Expenditures [6]	257.4	281.3	285.0	158.5	159.7	141.7	143.3
Transfers for Capital Construction [7]	248.5	271.1	84.5	112.1	180.5	225.8	50.0
Transfers for Transportation [7]	--	199.2	79.0	79.0	495.0	300.0	50.0
Transfers to State Education Fund	25.3	25.3	25.3	25.3	25.0	40.3	--
Transfers to Other Funds [8]	42.2	176.2	164.8	208.6	202.2	189.8	231.7
Other Expenditures Exempt from General Fund Appropriations Limit [9]	0.5	--	1.5	29.0	--	--	--
TOTAL GENERAL FUND OBLIGATIONS	9,654.7	10,230.7	10,424.6	11,215.5	12,827.7	13,261.2	13,759.4
Percent Change from Prior Year	10.2%	5.7%	1.9%	7.6%	14.4%	3.4%	3.8%
Reversions and Accounting Adjustments [10]	(60.6)	(58.3)	(205.7)	(123.3)	--	--	--
RESERVES							
Year-End General Fund Balance	709.2	512.7	614.5	1,344.8	1,139.7	1,046.3	923.1
Year-End General Fund as a % of Appropriations	8.0%	5.5%	6.3%	12.9%	10.1%	8.7%	7.25%
General Fund Statutory Reserve Amount [11]	576.5	463.9	584.3	674.9	814.2	871.1	923.1
Unappropriated Reserve Percentage [11]	6.5%	5.6%	6.0%	6.5%	7.25%	7.25%	7.25%
Amount Above (Below) Statutory Reserve	132.7	48.8	30.2	669.9	325.5	175.1	--

1 This table is unaudited, although some of the figures reported in these columns are identified by the OSPB from the State's CAFRs which are audited for the applicable Fiscal Years.

2 Fiscal Year 2020-21 expenditures will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown in the table for Fiscal Year 2020-21 are illustrative only.

3 Total State appropriations during this period have been limited to such moneys as are necessary for reappraisals of any class or classes of taxable property for property tax purposes as required by Section 39-1-105.5, C.R.S., plus an amount equal to 5.0% of Colorado personal income.

4 Current law requires TABOR refunds to be accounted for in the year the excess revenue is collected. TABOR refunds of $348.1 million and $551.6 million are projected for Fiscal Years 2019-20 and 2020-21, respectively, which amounts also include adjustments which are the result of: (a) changes that were made to State accounting records for years in which TABOR refunds occurred that resulted in changes in required refunds to taxpayers, and (b) the refund to taxpayers in previous years being different than the actual amount required. Such adjustments are held by the State until a future year in which a TABOR refund occurs when they adjust the total refund amount distributed to taxpayers. See "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Fiscal Year Revenue and Spending Limits; Referendum C*" and "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST – Taxpayer's Bill of Rights: Revenue Limit."

5 The amount shown in Fiscal Year 2014-15 reflects the amount that was set aside by HB 15-1367 in a special account to cover a potential TABOR refund relating to Proposition AA. HB 15-1367 also submitted to the State's voters at the November 3, 2015, general election the question of authorizing the State to retain and expend such amount. The question, designated Proposition BB, was approved by the voters and permitted the State to use the money for the uses specified in HB 15-1367. Consequently, a reversal of the $58 million set aside is shown in Fiscal Year 2015-16. See "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA,*" as well as Note 4 to this table and Note 2 to the table in "General Fund Revenue Sources" above.

[Notes continued on next page]

[6] Other Rebates and Expenditures generally includes the Cigarette Rebate, which distributes money from a portion of State cigarette tax collections to local governments that do not impose their own taxes or fees on cigarettes; the Marijuana Rebate, which distributes 15% of the retail marijuana sales tax to local governments based on the percentage of retail marijuana sales in local areas; the Old Age Pension program, which provides assistance to low-income elderly individuals who meet certain eligibility requirements; the Property Tax, Heat and Rent Credit, which provides property tax, heating bill or rent assistance to qualifying low-income disabled or elderly individuals; and, prior to Fiscal Year 2017-18, the Homestead Property Tax Exemption, which reduces property-tax liabilities for qualifying seniors and disabled veterans. Commencing with Fiscal Year 2017-18, the Homestead Property Tax Exemption has been shown as a separate line item as the result of SB 17-267, which added as the first TABOR refund mechanism amounts reimbursed to county treasurers in the year of the TABOR refund for local property tax revenue losses attributable to the Homestead Property Tax Exemption as discussed in "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Fiscal Year Revenue and Spending Limits; Referendum C.*"

[7] Section 24-75-219, C.R.S., requires certain transfers from the General Fund to the Highway Users Tax Fund and the Capital Construction Fund, commonly referred to as "228" transfers based on SB 09-228 which originally provided for the transfers. The amounts of the 228 transfers were revised per HB 16-1416 and SB 17-262. The amount of the capital construction transfers in Fiscal Years 2015-16, 2016-17 and 2017-18 also included transfers of General Fund money in addition to the required 228 transfers. In addition, SB 18-001 commits General Fund revenue for transportation projects in Fiscal Years 2018-19 and 2019-20, and additional transfers may occur contingent on a ballot measure that may go before the voters in 2019.

[8] State law requires transfers of General Fund money to various State cash funds. This line item includes transfers of amounts credited to the General Fund from the retail marijuana sales tax to a cash fund. See Note 1 to the table in "General Fund Revenue Sources" above. However, for Fiscal Year 2015-16 only, $40.0 million of the transfer to other funds amount is a transfer to public school capital construction related to the passage of Proposition BB. The Fiscal Year 2015-16 and Fiscal Year 2016-17 amounts also include a diversion of income tax revenue out of the General Fund to a separate severance tax fund pursuant to SB 16-218. However, due to the risk of lower than expected severance tax revenues in Fiscal Year 2017-18 and thereafter, HB 18-1338 requires General Fund transfers to various severance tax cash funds to protect program funding, and also requires an equivalent amount of future severance tax revenue to be diverted to the General Fund to repay these transfers.

[9] Spending by the Medicaid program above the appropriated amount, called "Medicaid Overexpenditures," is usually the largest amount in this line.

[10] The Fiscal Year 2016-17 amount in this line is an atypically large amount due mostly to a large reversion of Medicaid-related expenditures.

[11] The Unappropriated Reserve requirement, codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. For Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required by to be diverted to a reserve fund to fund severance tax refunds as discussed above. In Fiscal Years 2015-16 through 2017-18, General Fund appropriations for lease-purchase agreement payments made in connection with certificates of participation sold to fund certain capital projects were made exempt from the reserve calculation requirement. These appropriations were $37.8 million in Fiscal Year 2015-16, $46.0 million in Fiscal Year 2016-17 and $48.1 million in Fiscal Year 2017-18. SB 18-276 repealed the exemption of the lease-purchase agreement payments from the calculation of the reserve requirement. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*" and "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – The State, State Departments and Agencies."

Source: Office of State Planning and Budgeting

Revenue Estimation; OSPB Revenue and Economic Forecasts

Revenue Estimating Process. The State relies on revenue estimation as the basis for establishing aggregate funds available for expenditure for its appropriation process. By statute, the OSPB is responsible for developing a General Fund revenue estimate. No later than June 20th prior to the beginning of each Fiscal Year, and no later than September 20th, December 20th and March 20th within each Fiscal Year, the Governor, with the assistance of the State Controller and the OSPB, is required to make an estimate of General Fund revenues for the current and certain future years. The revenue estimates are not binding on the General Assembly in determining the amount of General Fund revenues available for appropriation for the ensuing Fiscal Year. The revenue estimates may be subject to more frequent review and adjustment in response to significant changes in economic conditions, policy decisions and actual revenue flow.

The most recent OSPB revenue forecast was issued on September 20, 2019, and is included in this Official Statement as "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST." The OSPB September 2019 Revenue Forecast projects revenues for Fiscal Years 2019-20 through 2021-22, with the amounts forecast for Fiscal Years 2019-20 and 2020-21 being summarized in "General Fund Revenue Sources" and "General Fund Overview" above in this Appendix.

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast for the OSPB September 2019 Revenue Forecast was provided by Moody's Economy.com. The OSPB forecasts the State economy using a model originally developed partly in-house and partly by consultants to the State.

The model of the State economy is updated quarterly. This model is comprised of numerous dynamic regression equations and identities. Moody's Economy.com's forecasts for national variables are inputs to many of the Colorado equations. The model of the State economy generates forecasts of key indicators such as employment, retail sales, inflation and personal income. These forecasts are then used as inputs to revenue forecasts for income tax receipts, corporate collections, sales tax receipts, etc.

The econometric model used to forecast General Fund revenue relies on the economic data estimated using the model of the State economy discussed above. The models used for forecasting General Fund revenues incorporate changes in policy, both State and federal, as well as changes in the economic climate and historical patterns. The General Fund models are comprised of regression equations for many of the revenue categories. There are three main categories of tax revenues: excise tax receipts, income tax receipts and other tax receipts. The General Fund models forecast the majority of the categories of General Fund receipts separately. For example, the model forecasts each type of income tax receipt (withholding, estimated payments, cash with returns and refunds) individually and then aggregates the numbers to arrive at a net individual income tax receipts forecast. However, for corporate income tax receipts and sales tax collections, the model forecasts only the aggregate amount for these revenues. For many of the smaller tax revenue categories, simple trend analyses are generally utilized to derive a forecast.

Revenue Shortfalls. The State's Fiscal Year budgets are prepared and surplus revenues are determined using the modified accrual basis of accounting in accordance with the standards promulgated by GASB, with certain statutory exceptions. As a result, although the Fiscal Year budgets are balanced and, based upon the current forecast, there is anticipated to be an Unappropriated Reserve, the State may experience temporary and cumulative cash shortfalls. This is caused by differences in the timing of the actual receipt of cash revenues and payment of cash expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on an accrual basis, which does not take into account the timing of when such amounts are received or paid. Also, prior forecasts of General Fund revenue may have overestimated the amount the State would receive for the Fiscal Year.

Whenever the Governor's revenue estimate for the current Fiscal Year indicates that General Fund expenditures for such Fiscal Year, based on appropriations then in effect, will result in the use of one-half or more of the Unappropriated Reserve, the Governor is required to formulate a plan for the General Fund expenditures so that the Unappropriated Reserve as of the close of the Fiscal Year will be at least one-half of the required amount. The Governor is required by statute to notify the General Assembly of the plan and to promptly implement it by: (i) issuing an executive order to suspend or discontinue, in whole or in part, the functions or services of any department, board, bureau or agency of the State government; (ii) approving the action of other State officials to require that heads of departments set aside reserves out of the total amount appropriated or available (except the cash funds of the Department of Education); or (iii) after a finding of fiscal emergency by a joint resolution of the General Assembly approved by the Governor, taking such actions necessary to be utilized by each principal department and institution of higher education to reduce State personnel expenditures.

The next OSPB revenue forecast will be released in December of 2019. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB September 2019 Revenue Forecast if economic conditions change markedly. If a revenue shortfall is projected for Fiscal Year 2019-20 and subsequent forecasted years, which would result in a budgetary shortfall, budget cuts and/or actions to increase the amount of money in the General Fund will be necessary to ensure a balanced budget. See "INVESTMENT CONSIDERATIONS – State Budgets and Revenue Forecasts."

Investment of the State Pool

General. The investment of public funds by the State Treasurer is subject to the general limitations discussed in "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds." The State Treasurer has adopted investment policies further restricting the investment of State pool moneys, which includes the General Fund. The purpose of these investment policies is to limit investment risk by limiting the amount of the portfolio that may be invested in particular types of obligations, or in obligations of particular issuers or in particular issues, by imposing rating or financial criteria for particular types of investments more restrictive than those required by law, and by limiting the maximum term of certain types of investments. A minimum of 10% of the portfolio is required to be held in U.S. Treasury securities. Any reverse repurchase agreements may be for interest rate arbitrage only, and not for liquidity or leverage purposes. Each reverse repurchase agreement and the total investment it is arbitraged against must be closely matched in both dollar amount and term.

Fiscal Years 2017-18, 2018-19 and 2019-20 Investments of the State Pool. The following tables set forth the investment by category of the moneys in the State Pool as of the end of each month in Fiscal Years 2017-18, 2018-19 and 2019-20 for which information is available.

State of Colorado
State Pool Portfolio Mix

Fiscal Year 2017-18
(Amounts expressed in millions)[1]

	July 2017	Aug 2017	Sept 2017	Oct 2017	Nov 2017	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	June 2018
Agency CMOs	$ 1.9	$ 1.7	$ 1.6	$ 1.4	$ 1.3	$ 1.2	$ 1.0	$ 0.9	$ 0.8	$ 0.7	$ 0.7	$ 0.6
Commercial Paper	931.2	828.4	532.8	657.5	612.5	638.7	867.7	702.9	767.5	1,131.4	1,125.7	977.3
U.S. Treasury Notes	884.0	1,123.8	1,153.8	914.4	894.1	894.3	1,073.7	1,422.3	1,371.9	1,277.2	1,322.7	1,116.7
Federal Agencies	948.2	809.7	979.4	834.6	1,223.9	1,303.7	1,342.7	1,292.2	1,307.1	1,546.6	1,715.8	864.1
Asset-Backed Securities	581.1	519.1	514.3	546.3	562.8	609.4	644.9	654.1	672.3	674.2	781.5	789.3
Money Market	260.	425.0	485.0	275.0	180.0	215.0	220.0	270.0	330.0	370.0	350.0	783.0
Corporates	3,847.5	3,553.3	3,628.9	3,824.4	3,156.3	3,143.8	3,803.6	3,328.6	3,550.8	3,737.1	3,523.0	3,199.4
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	**$7,453.9**	**$7,261.0**	**$7,295.8**	**$7,053.6**	**$6,630.9**	**$6,806.1**	**$7,953.6**	**$7,671.0**	**$8,000.4**	**$8,737.2**	**$8,819.4**	**$7,730.4**

Fiscal Year 2018-19
(Amounts expressed in millions)[1]

	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	June 2019
Agency CMOs	$ 0.4	$ 0.5	$ 0.5	$ 0.4	$ 0.4	$ 0.4	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3
Commercial Paper	832.4	887.9	968.7	1,331.0	1,329.1	1,310.8	2,028.1	2,241.8	2,065.0	2,321.4	1,872.2	1,598.0
U.S. Treasury Notes	1,294.8	1,159.0	1,279.0	1,224.4	1,156.0	1,055.4	981.7	862.0	1,042.3	934.9	841.3	821.2
Federal Agencies	1,356.6	1,249.7	1,219.8	677.6	553.3	570.5	722.1	727.1	501.7	873.3	1,417.1	1,091.5
Asset-Backed Securities	851.8	935.8	947.6	955.5	946.5	978.0	1,024.3	995.0	973.4	991.1	982.4	920.9
Money Market	350.0	255.0	540.0	450.0	470.0	350.0	480.0	440.0	380.0	625.0	345.0	515.0
Corporates	3,481.7	3,396.2	3,577.1	3,670.1	3,522.5	3,599.8	3,587.8	3,344.7	3,828.5	4,352.8	4,593.6	4,034.6
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	**$8,167.7**	**$7,884.1**	**$8,532.7**	**$8,309.0**	**$7,977.8**	**$7,864.9**	**$8,824.3**	**$8,610.9**	**$8,791.2**	**$10,098.8**	**$10,051.9**	$8,981.5

Fiscal Year 2019-20
(Amounts expressed in millions)[1]

	July 2019	Aug 2019	Sept 2019	Oct 2019
Agency CMOs	$ 0.2	$ 0.2	$ 0.2	$ 0.2
Commercial Paper	2,190.9	1,854.6	1,477.4	1,814.2
U.S. Treasury Notes	757.1	702.8	809.2	895.1
Federal Agencies	804.6	913.2	806.9	600.2
Asset-Backed Securities	901.0	863.9	930.1	915.8
Money Market	430.0	235.0	460.0	515.0
Corporates	4,458.6	4,704.7	4,717.2	4,369.6
Certificates of Deposit	0.0	0.0	0.0	0.0
Totals	$9,542.4	$9,274.4	$9,201.0	$9,110.1

[1] These tables include all moneys in the State Pool, which includes the General Fund, Borrowable Resources and other moneys that are invested by the State Treasurer.

Source: State Treasurer's Office

* * *

APPENDIX F

OSPB SEPTEMBER 2019 REVENUE FORECAST

As discussed in "APPENDIX E – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts," the OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Years 2019-20 through 2020-22. The forecasts include projections of General Fund revenues available for spending and end-of-year reserves through the forecast period. Budgeted General Fund spending levels are also included. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts.

The most recent OSPB Revenue Forecast was issued on September 20, 2019, and is included in its entirety in this Appendix. The pagination of this Appendix reflects the original printed document.

Prospective investors are cautioned that any forecast is subject to uncertainties, and inevitably some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guaranty is made herein as to the accuracy of the forecasts. See also "PRELIMINARY NOTICES – Cautionary Statement Regarding Projections, Estimates and Other Forward-Looking Statements" at the beginning of this Official Statement.

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SEPTEMBER 20, 2019

STATE OF COLORADO

Governor's Office of State Planning and Budgeting

COLORADO ECONOMIC

AND

FISCAL OUTLOOK

COLORADO

Governor Jared Polis

Contents

Jared Polis – Governor
Lauren Larson – Budget Director
Luke Teater – Deputy Director
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Leila Al-Hamoodah - Economist

For additional information about the Governor's Office of State Planning and Budgeting, to access this publication electronically, or to sign up to be notified by email when the quarterly forecast is released, please visit www.colorado.gov/ospb.

Forecast in Brief

COLORADO ECONOMIC OUTLOOK

Colorado's economy has strengthened in recent months, but growth is expected to slow over the forecast period. Employment and wage growth have been strong, encouraging consumer activity, but the tight labor market is also constraining business growth as employers struggle to attract and retain talented employees. Lower housing and energy price growth is reducing inflation. While the agricultural and manufacturing industries face headwinds due to the ongoing trade war, Colorado's economic expansion is expected to continue.

NATIONAL ECONOMIC OUTLOOK

National economic growth continues to moderate. Job growth is slowing as the unemployment rate remains near record lows. The manufacturing sector contracted in August, as trade barriers and a strong dollar contributed to higher input costs and reduced access to international markets, but retail sales have been strong and are expected to remain so despite a recent drop in consumer expectations. The continuation and potential escalation of the trade war poses downside risks to the forecast, as does the possibility of slower global economic growth. The ability of the Federal Reserve to determine the appropriate course of monetary policy amid full employment, low inflation, and significant trade policy uncertainty will be critical to the sustainability of the current expansion. This forecast projects slowing growth but not a contraction.

GENERAL FUND REVENUE

General Fund revenue grew 7.3 percent in FY 2018-19 and is expected to grow another 4.1 percent in FY 2019-20. The General Fund revenue projection for FY 2019-20 was revised down from the June forecast by $44.1 million, or 0.3 percent, due largely to weaker growth expectations for corporate profits. The forecast for FY 2020-21 was reduced by $109.5 million, or 0.8 percent. Continued economic growth and base-broadening tax policy changes will contribute to continued General Fund revenue growth throughout the forecast period.

CASH FUND REVENUE

Cash fund revenue grew 5.9 percent to $2.44 billion in FY 2018-19 and is projected to fall by 2.7 percent in FY 2019-20. Total cash fund revenue for FY 2019-20 is projected to be $19.9 million, or 0.8 percent, lower than June projections. Cash fund revenue projections for FY 2020-21 are $28.6 million, or 1.1 percent, lower than in June.

TABOR

Revenue subject to TABOR exceeded the Referendum C cap by $428.3 million in FY 2018-19 and is projected to exceed the cap by $348.1 million in FY 2019-20 and $551.6 million in FY 2020-21. The FY 2018-19 TABOR surplus will be distributed to taxpayers via the Homestead Exemption and a temporary income tax rate reduction in FY 2019-20.

GENERAL FUND RESERVE

The General Fund reserve is projected to be $192.0 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2019-20.

Economic Outlook

Momentum in the national economy has weakened throughout 2019, with stable but slowing job growth and heightened policy uncertainty. Trade policy uncertainty and a strong dollar have contributed to declining output in the industrial sector, but strong consumer spending growth is preventing an economy-wide slowdown. Despite the recent inversion of the Treasury yield curve, most leading economic indicators suggest slowing growth rather than a contraction. This forecast projects that economic growth will continue at a moderating rate.

While national economic momentum has slowed since the June forecast, Colorado's economy has improved. Job growth has accelerated and the unemployment rate has fallen, while wage growth remains strong, supporting consumer activity. Housing price growth has slowed, contributing to lower inflation. While the ongoing trade tensions have significant negative impacts on the agricultural and manufacturing industries, Colorado's economy is projected to grow throughout the forecast period.

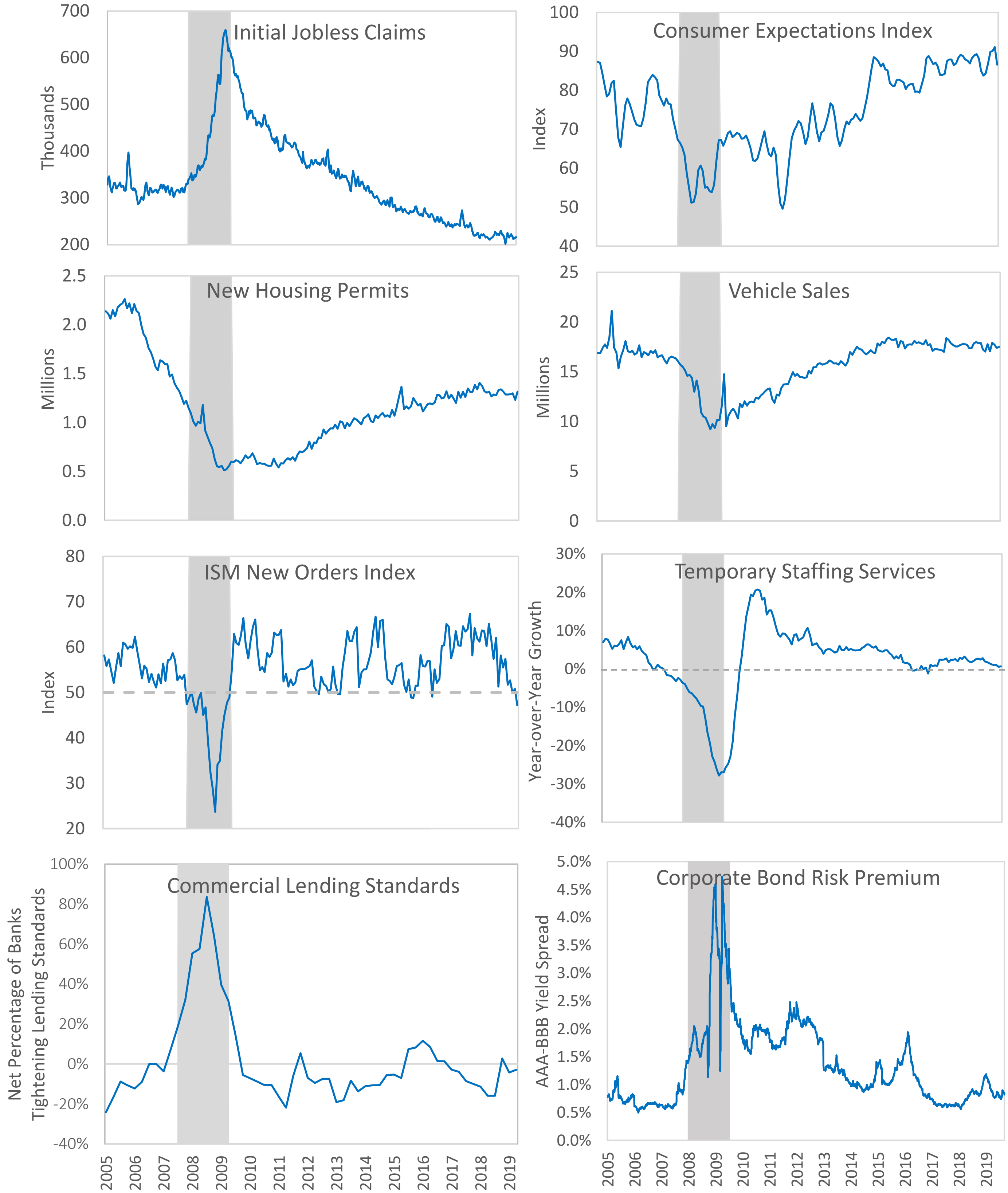
Economic Growth and Momentum

The economy continues to grow, yet at a slower pace than in recent years. The series of graphs on the following page show a variety of leading economic indicators which tend to signal changing conditions in the economy as a whole and therefore can be useful predictors of economic trends.

In aggregate, these leading indicators point to continued growth, but at lower rates than in 2017 and 2018. For example, initial jobless claims are very low by historical standards, but have been flat in recent months. Similarly, consumer expectations are near a cycle-high, yet they declined in August. Housing permits and vehicle sales, two major categories of consumer spending, remain flat at high levels. Business growth also appears to be moderating, as evidenced by declining new orders in manufacturing (as seen in the ISM New Orders Index) and the slowing growth in temporary staffing services. Slightly more banks are loosening lending standards than tightening them, an indication that banks do not see excessive risks in the economy. Finally, the spread in yields between AAA- and BBB-rated corporate bonds—the risk premium, which reflects investor assessment of economic risk — has risen slightly from its 2017 lows, but remains near the lowest levels of the expansion.

Finally, recent data showing an "inverted yield curve" has gained significant attention as a potential signal of an impending recession. The Treasury yield curve inverts when short-term interest rates are higher than long-term interest rates. While a yield curve inversion has preceeded each of the last seven recessions in the U.S., there are reasons to believe that it may not be as reliable a predictor as it has been in the past. First, the Federal Reserve has been responsive to changing financial conditions and has been proactive in lowering interest rates, while prior inversions have resulted from the Federal reserve raising short-term interest rates too quickly. Second, the significant bond-buying actions the Federal Reserve took to stimulate the economy in the aftermath of the Great Recession may have resulted in artificially low long-term interest rates. Finally, the yield curve has become flatter over recent decades as inflation fears have subsided, making yield curve inversions more likely even if the risk of recession has not increased, according to research from the Federal Reserve Bank of Richmond. While the yield curve provides useful information on financial market expectations for the economy, it should be considered alongside a broad range of useful leading economic indicators, most of which are signaling continued economic expansion.

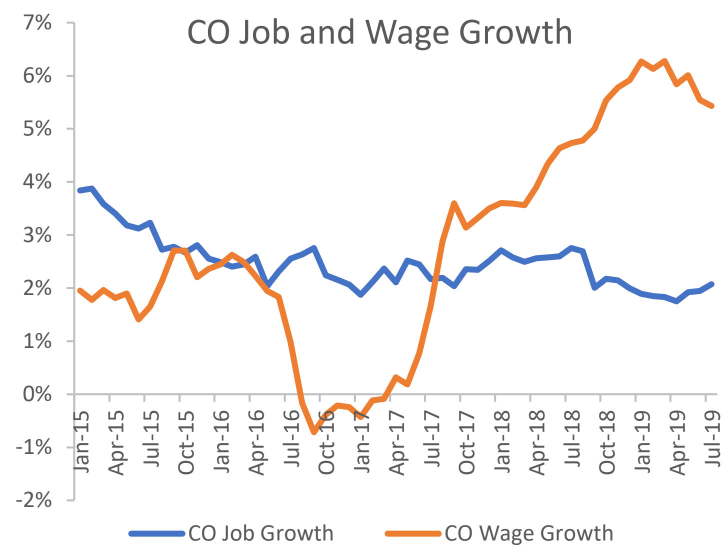
Selected Leading Economic Indicators, 2005-Present



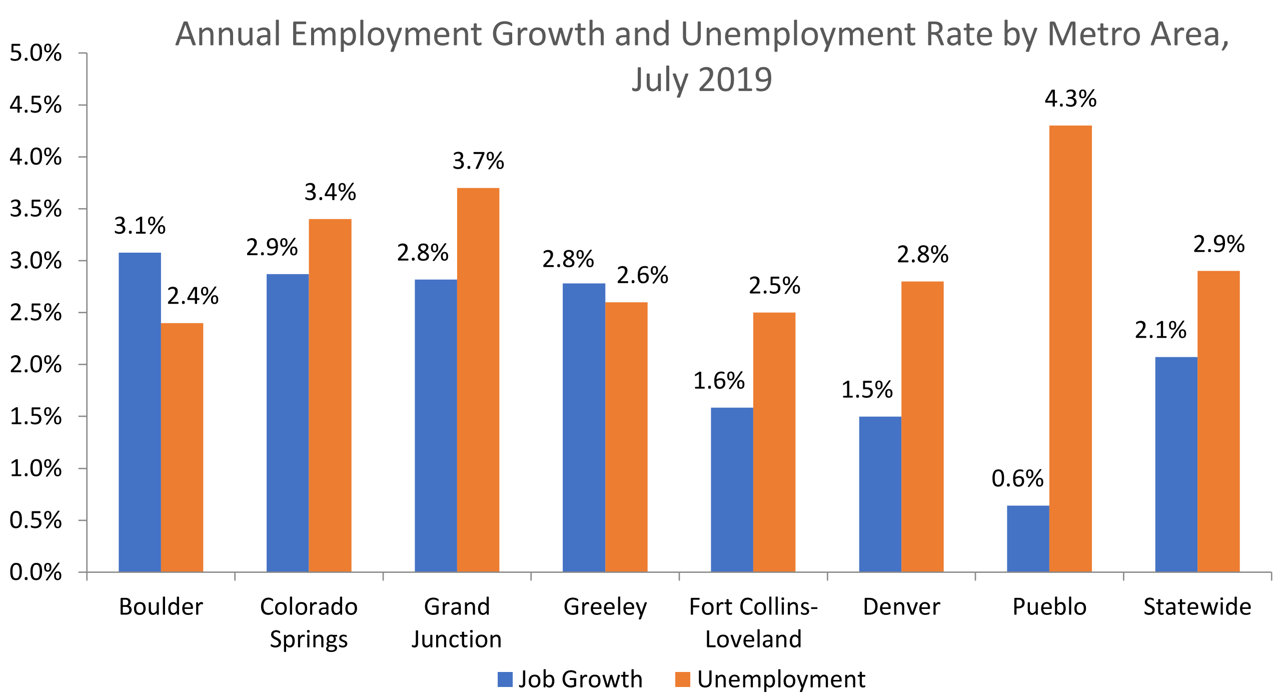
Sources: U.S. Department of Labor, University of Michigan, U.S. Census Bureau, U.S. Bureau of Economic Analysis, Institute for Supply Management, U.S. Bureau of Labor Statistics, Federal Reserve Board of Governors, ICE Benchmark Administration.

Employment and Unemployment

While national job growth has slowed in recent months, Colorado's job growth has accelerated, from an average of 3,600 jobs per month in the first quarter of 2019 to an average of 8,000 jobs per month in the second quarter. This represents the strongest quarterly job growth since 2016. Wage growth has slowed slightly over the same period, from 6.3 percent in January to 5.4 percent in July, but remains at high levels.

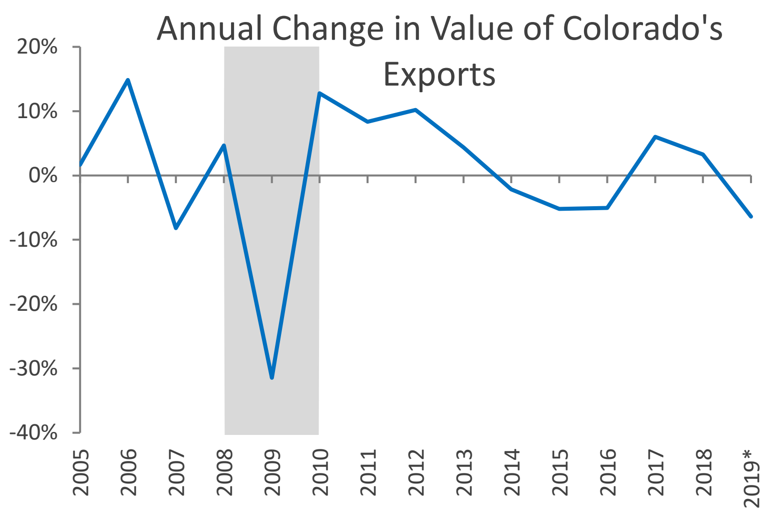


Nationally, unemployment remains low, reaching 3.7 percent in July. Colorado's employment continues to outperform national figures, with unemployment falling to 2.9 percent in July, down from 3.2 percent in May and 3.7 percent in February. Despite regional variation in unemployment figures, this decline in unemployment was seen across the state. Boulder, Colorado Springs, and Grand Junction are the metro areas experiencing the strongest job growth in the state.



Sources: U.S. Bureau of Labor Statistics, Colorado Department of Labor and Employment

Tariffs and Trade



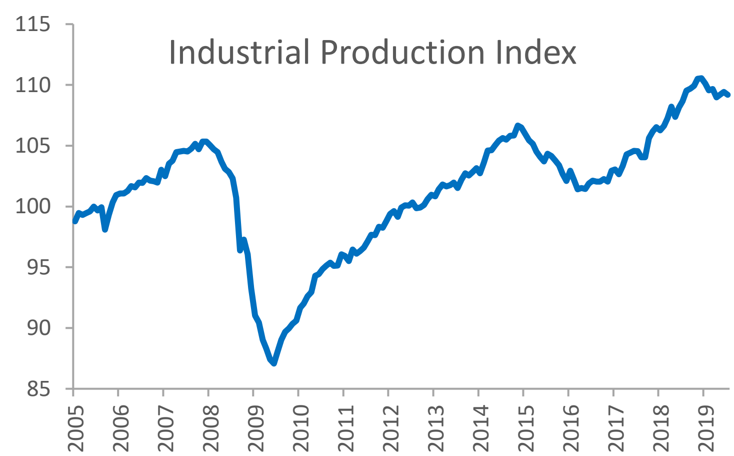
*2019 figures represent change in 2019 YTD figures from 2018 YTD

Export activity in Colorado in 2019 has declined amid escalating tariffs and trade policy uncertainty. The value of exports was down 6 percent through July as compared to 2018 levels. The reductions in export activity in 2019 have been particularly significant among food and agriculture exports in Colorado. Exports of these products are down 13 percent year-to-date in 2019, as compared to 2018 levels. Major exports from the state include beef, as well as computers and electronic products, medical instruments, and aircraft parts. As Colorado has only the 49th most export-dependent economy in the nation, it may be more resilient to trade pressures than other states.

Tariffs are impacting trade at the national and international level as well. Recent research by the Federal Reserve has suggested that trade policy may be impacting global output, finding that trade policy uncertainty in 2018 corresponded with a decline in global GDP by 0.8 percent by early 2019. Renewed trade policy uncertainty since May 2019 is likely to place additional downward pressure on GDP through the remainder of 2019 and early 2020 according to this research.

Manufacturing and Industry

National data show slowing industrial production in the manufacturing, mining, and electric and gas utility sectors. The Federal Reserve's Industrial Production Index shows mostly robust growth since the end of the Great Recession in 2009. Industrial production fell in 2015 and 2016 and has been declining again since the beginning of 2019. Many analysts attribute the decline to an environment of substantial trade policy uncertainty and tensions with China.

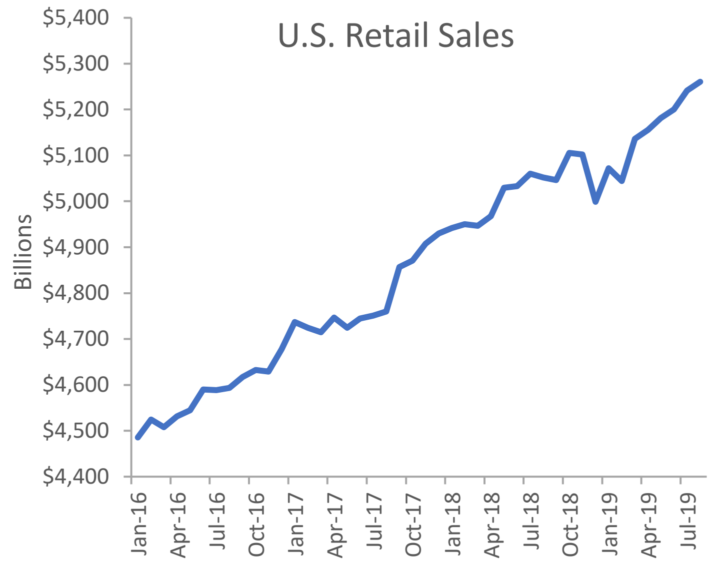


Sources: WiserTrade, Federal Reserve Board of Governors

Consumer Spending and Expectations

Despite signs of weakness in the industrial sector, retail spending remains strong. Retail and food services sales continue to expand nationally, rebounding from a period of weakness in December, January, and February. Year-over-year retail sales growth reached 4.1 percent in August, up from 3.0 percent in May and 1.4 percent in December.

Consumer expectations remain high but declined sharply in August 2019, dropping 10.6 points from 90.5 to 79.9. This was the third largest monthly drop in the past decade, following drops in December 2012 (-13.9 points) and March 2011 (-13.7 points). The index was down 7.2 points from a year ago. This suggests that consumers are becoming increasingly aware of the potential impact of tariffs on economic outcomes.



Forecast Risks

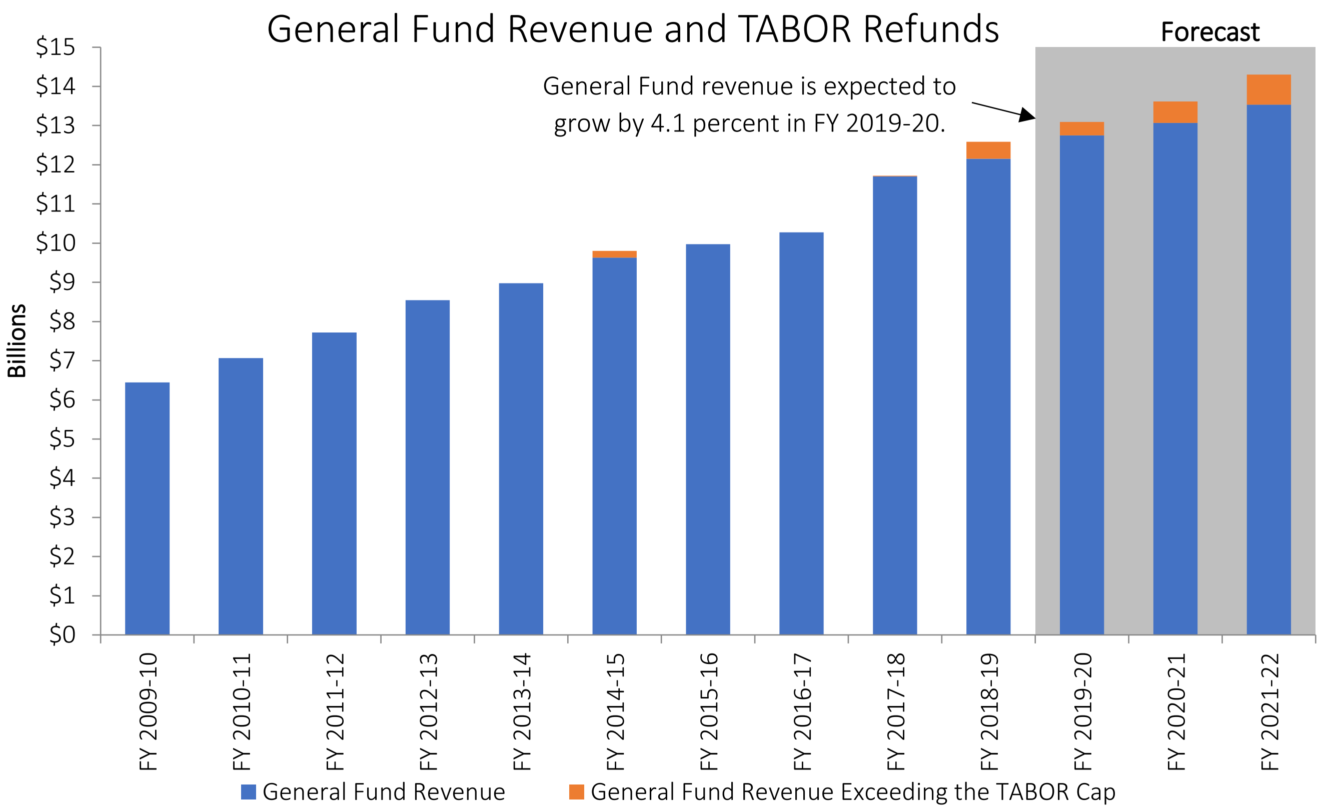
While Colorado's economic growth has accelerated since last quarter, it has moderated since 2018 and that moderation is expected to continue. Despite strength in many economic fundamentals, slowing population growth and an aging population limit upside risks to the forecast while lower overall growth rates leave the economy more vulnerable to negative shocks. The continuation and potential escalation of the trade war pose downside risks to the forecast, as does the possibility of slower global economic growth. The ability of the Federal Reserve to determine the appropriate course of monetary policy amid full employment, low inflation, and significant trade policy uncertainty will be critical to the sustainability of the current expansion.

Sources: U.S. Census Bureau, University of Michigan

Revenue Outlook – General Fund

Strong employment and wage growth in Colorado are supporting continued General Fund revenue growth as the economic expansion continues. The changes to the tax base resulting from the federal government's 2017 Tax Cuts and Jobs Act (TCJA) contributed to strong revenue growth in FY 2018-19 and are expected to continue to boost General Fund revenue growth throughout the forecast period. The forecast projects that General Fund revenue will grow by 4.1 percent in FY 2019-20 and 4.0 percent in FY 2020-21 after growing by 7.3 percent in FY 2018-19.

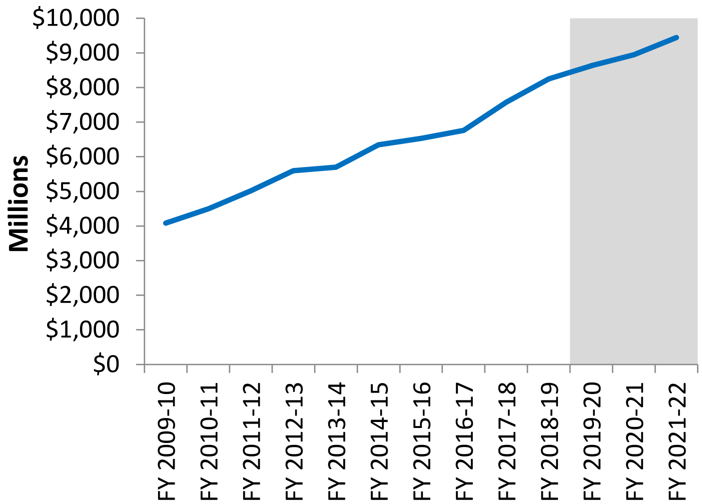
The General Fund revenue forecast for FY 2019-20 is lower by $44.1 million, or 0.3 percent, relative to June projections. The forecast for FY 2020-21 was decreased by $109.5 million, or 0.8 percent. These revisions are primarily due to lower forecasts for corporate income tax collections, as the outlook for corporate profits has weakened since June.



While the TCJA broadened the income tax base, resulting in higher revenues to the state, policy changes have broadened the sales tax base as well. The Supreme Court allowed states to collect sales taxes from out-of-state retailers with its June 2018 ruling in *South Dakota v. Wayfair, Inc*., which was codified in Colorado law by H.B. 19-1240. House Bill 19-1245, meanwhile, raised and capped the vendor fee, resulting in a tax benefit for small businesses but higher sales tax revenue collections overall.

Three major revenue sources together make up 96 percent of total General Fund revenue: individual income taxes, corporate income taxes, and sales and use taxes. General Fund revenue from the other remaining General Fund sources – such as interest earnings, taxes paid by insurers on premiums, and excise taxes on tobacco products and liquor – increased slightly from the June forecast, primarily due to higher interest earnings.

Individual Income Tax

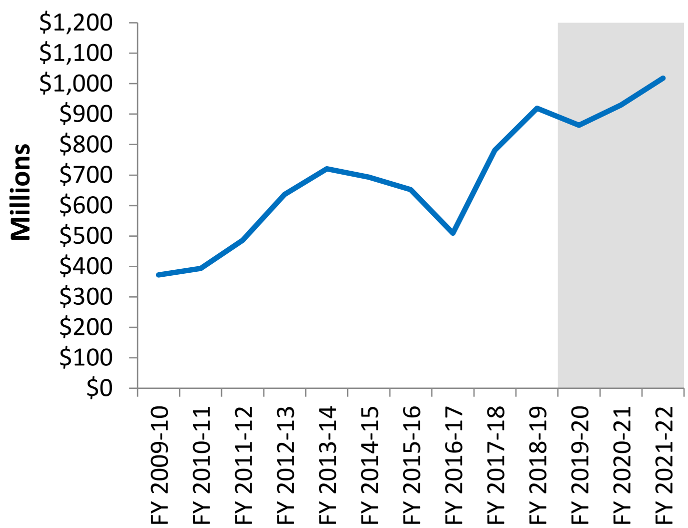


Individual income tax revenue is projected to increase 4.6 percent in FY 2019-20 and 3.7 percent in FY 2020-21. Relative to June projections, the forecast was revised upward by 0.6 percent in FY 2019-20 and 0.1 percent in FY 2020-21. These upward revisions result from slightly higher receipts for income tax withholdings than expected.

As anticipated, the effect of the TCJA was a net increase in state tax liability. Strong employment and wage growth also contributed to a 7.8 percent increase in payroll withholdings in FY 2018-19.

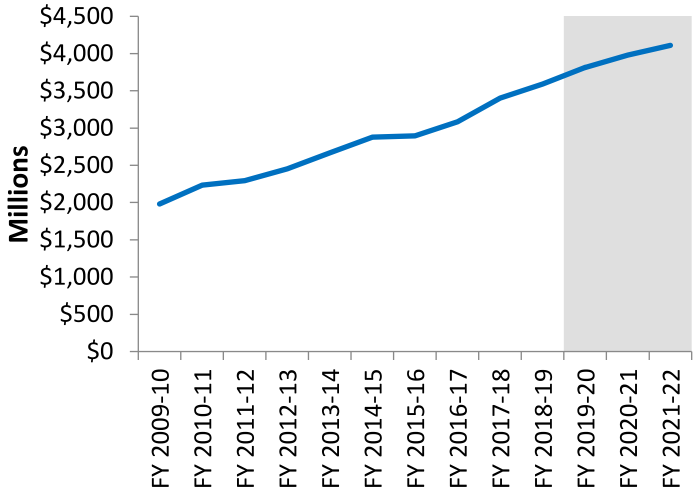
Corporate Income Tax

Corporate income tax collections are projected to fall 6.2 percent in FY 2019-20 and to rise by 7.8 percent in FY 2020-21. Relative to last quarter, corporate income tax receipts were revised downward by $73.3 million in FY 2019-20 and down by $71.4 million in FY 2020-21.



Corporate income tax revenue is among the most volatile sources of General Fund revenue due to business-specific considerations and the structure of the corporate income tax code. Corporate income taxes were boosted in FY 2018-19 by a large settlement agreement with a delinquent taxpayer and are being reduced in FY 2019-20 by amended returns and refund claims following recent tax policy rulings by the Colorado Supreme Court. Corporate income tax revenue growth is expected to continue at a moderate rate as the economic expansion continues. Future growth, however, will be constrained by higher business costs, especially for tariffs and employee compensation, which will reduce profit margins and lower tax liabilities.

Sales and Use Taxes



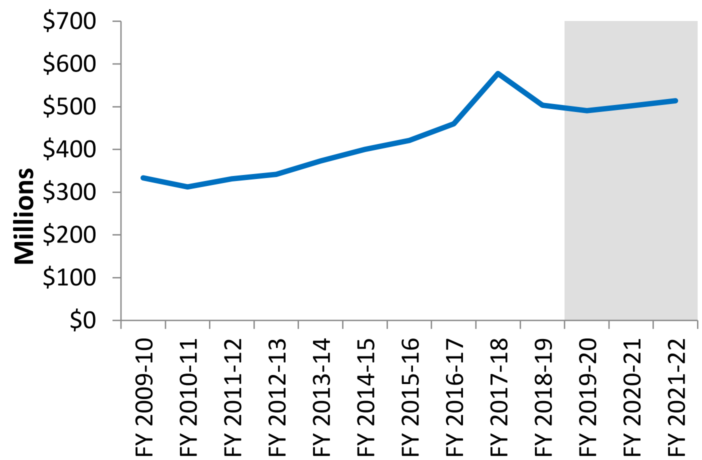
Sales tax revenue is expected to increase by 7.3 percent in FY 2019-20 and 4.5 percent in FY 2020-21. FY 2019-20 sales tax revenue was revised down slightly from last quarter, by $11.7 million. FY 2020-21 sales tax revenue was revised down by $32.9 million due to slightly lower assumptions for retail sales activity.

The growth rates in FY 2019-20 and subsequent years are bolstered by sales tax collections from out-of-state retailers, which the Supreme Court allowed states to collect with its June 2018 ruling in *South Dakota v. Wayfair, Inc*. and which was codified in Colorado law by H.B. 19-1240. Sales tax revenue will also be increased by H.B. 19-1245, which provided a tax benefit to small businesses while increasing overall sales tax collections.

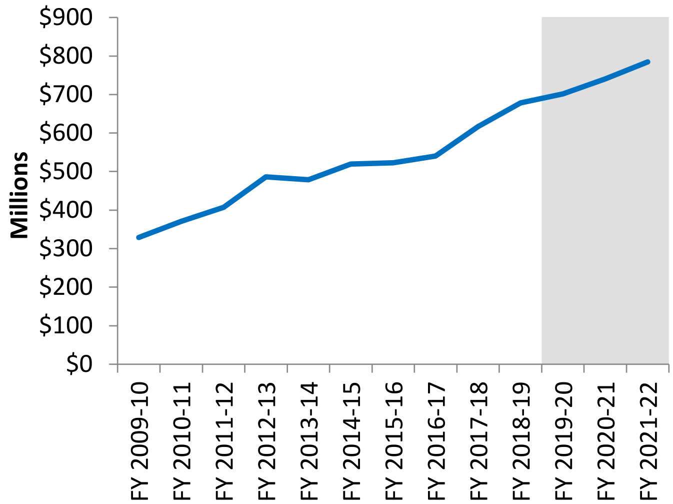
Use tax is a companion to sales tax and is paid by Colorado residents and businesses on purchases made that did not include the state sales tax. Use taxes bring in a much smaller amount of revenue than sales taxes and are often more volatile. Much of the state's use tax revenue comes from Colorado businesses paying tax on transactions involving out-of-state sellers. Use tax collections are projected to decline 4.9 percent in FY 2019-20 and increase 2.9 percent in FY 2020-21.

Other General Fund Revenue

Other revenue to the General Fund is expected to decrease 2.3 percent in FY 2019-20 and to increase 3.2 percent in FY 2020-21. The reduction in FY 2019-20 follows large, one-time settlement payments totaling $18.7 million from corporations in FY 2018-19 in relation to lawsuits for violations of consumer protection laws. Other major components of this category include insurance revenue and interest income.



State Education Fund



Revenue to the State Education Fund is expected to grow 3.4 percent in FY 2019-20 and 5.6 percent in FY 2020-21. This growth does not include transfers from other funds. The forecast for State Education Fund revenue was revised downward from the June forecast in conjunction with the downward revision to the forecast for corporate income tax collections.

The Colorado Constitution requires that 1/3 of 1 percent of taxable income from Colorado taxpayers be credited to the State Education Fund. Because State Education Fund revenue is derived from taxable income, it follows the trends in individual income and corporate income tax revenue collections discussed in this section.

Revenue Outlook – Cash Fund

Cash funds are taxes, fees, fines, and interest collected by various state programs to fund services and operations. These revenue sources are designated by statute for a particular program and as such are distinct from General Fund revenue, which is available for general purpose expenditures. The following discussion highlights those cash fund revenues that are subject to TABOR.

Total cash fund revenue subject to TABOR is projected at $2.38 billion in FY 2019-20, a decrease of 2.7 percent from the prior fiscal year. This is lower than projections in June, representing a downward revision of $19.9 million, or 0.8 percent. FY 2020-21 cash fund revenue is projected to rise to $2.54 billion, an increase of 7.1 percent year-over-year. This forecast is also lower than June projections, by $28.6 million, or 1.1 percent.

Transportation

Transportation-related cash fund revenue is projected to grow 2.1 percent in FY 2019-20 and 2.6 percent in FY 2020-21. These forecasts were revised downward since June by $23.2 million and $23.7 million respectively. This represents a 1.8 percent reduction from the June forecast.

Transportation Revenue	Preliminary FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	**$641.5**	**$664.0**	**$677.9**	**$695.9**
Change	-0.5%	3.5%	2.1%	2.7%
Total Registrations	**$264.0**	**$275.1**	**$285.1**	**$292.2**
Change	0.8%	4.2%	3.7%	2.5%
Other HUTF Receipts	**$186.4**	**$199.4**	**$206.3**	**$211.2**
Change	-7.0%	6.9%	3.5%	2.4%
Total HUTF	**$1,092.0**	**$1,138.4**	**$1,169.4**	**$1,199.3**
Change	-1.4%	4.2%	2.7%	2.6%
State Highway Fund	**$40.8**	**$50.2**	**$50.8**	**$51.5**
Change	0.3%	23.1%	1.1%	1.5%
Other Transportation Funds	**$122.2**	**$122.6**	**$124.4**	**$126.9**
Change	-4.1%	0.4%	1.5%	2.0%
Total Transportation Funds	***$1,275.9***	***$1,302.2***	***$1,336.5***	***$1,369.6***
Change	*0.0%*	*2.1%*	*2.6%*	*2.5%*

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund, and a number of smaller cash funds. The primary revenue sources for the HUTF are motor fuel taxes and registration fees.

Limited Gaming

Revenue from limited gaming is projected to rise in FY 2019-20 by 2.5 percent, a slight upward revision from the June forecast. Revenue is expected to continue growing over the following fiscal years, by 2.3 percent in FY 2020-21 and 2.2 percent in FY 2021-22.

In FY 2019-20, $109.8 million of total limited gaming revenue is expected to be subject to TABOR, while an estimated $107.9 million will be classified as "base limited gaming revenue" under Amendment 50. In FY 2020-21, $112.3 million will be subject to TABOR with $110.4 million classified as base limited gaming revenue. The table below illustrates the current revenue projections as well as the amounts to be distributed to revenue recipients per statutory formula.

Distribution of Limited Gaming Revenues	Preliminary FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
A. Total Limited Gaming Revenues	**$127.3**	**$130.6**	**$133.6**	**$136.6**
Annual Percent Change	0.2%	2.5%	2.3%	2.2%
B. Base Limited Gaming Revenues (max 3% growth)	**$105.2**	**$107.9**	**$110.4**	**$112.9**
Annual Percent Change	0.2%	2.5%	2.3%	2.2%
C. Gaming Revenue Subject to TABOR	**$107.1**	**$109.8**	**$112.3**	**$114.9**
Annual Percent Change	0.2%	2.5%	2.3%	2.2%
D. Total Amount to Base Revenue Recipients	**$94.3**	**$97.3**	**$99.8**	**$102.3**
Amount to State Historical Society	$26.4	$27.2	$27.9	$28.6
Amount to Counties	$11.3	$11.7	$12.0	$12.3
Amount to Cities	$9.4	$9.7	$10.0	$10.2
Amount to Distribute to Remaining Programs (State Share)	$47.2	$48.6	$49.9	$51.2
Amount to Local Government Impact Fund	$5.6	$6.0	$6.4	$6.7
Colorado Tourism Promotion Fund	$15.0	$15.0	$15.0	$15.0
Creative Industries Cash Fund	$2.0	$2.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.5	$0.5	$0.5	$0.5
Advanced Industries Acceleration Fund	$5.5	$5.5	$5.5	$5.5
Innovative Higher Education Research Fund	$2.1	$2.1	$2.1	$2.1
Transfer to the General Fund	$16.4	$17.5	$18.4	$19.3
E. Total Amount to Amendment 50 Revenue Recipients	**$17.9**	**$18.0**	**$18.5**	**$19.0**
Community Colleges, Mesa and Adams State (78%)	$14.0	$14.0	$14.4	$14.8
Counties (12%)	$2.2	$2.2	$2.2	$2.3
Cities (10%)	$1.8	$1.8	$1.9	$1.9

Severance

Severance tax revenue is expected to decline to $114.1 million in FY 2019-20, a decline of 55.3 percent from the fiscal year prior, before rising 84.4 percent again to $210.4 million in FY 2020-21. These figures have been revised upward from the June forecast, by $12.6 million and $7.8 million respectively, as recent collections have been higher than expected. Larger ad valorem credits coupled with lower oil prices and production are expected to cause the decline in severance tax revenue in FY 2019-20, while the FY 2020-21 increase reflects higher production values and slightly reduced ad valorem credits.

Marijuana

Tax revenue from the marijuana industry is expected to grow 2.8 percent to $269.6 million in FY 2019-20, and 1.6 percent to $273.9 million in FY 2020-21. The table below shows revenue from special taxes on the legal marijuana industry authorized by Proposition AA in November 2013, along with revenue from the 2.9 percent state tax on marijuana sales.

Tax Revenue from the Marijuana Industry	Preliminary FY 18-19	Forecast FY 19-20	Forecast FY 20-21	Forecast FY 21-22
Proposition AA Taxes				
Retail Marijuana 15% Special Sales Tax	$193.3	$205.0	$211.8	$218.7
Retail Marijuana 15% Excise Tax	$58.4	$54.4	$52.5	$51.5
Total Proposition AA Taxes	**$251.8**	**$259.4**	**$264.2**	**$270.3**
2.9% Sales Tax (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$9.4	$9.1	$8.6	$8.2
Retail Marijuana 2.9% State Sales Tax	$1.0	$1.0	$1.0	$1.0
Total 2.9% Sales Taxes	**$10.4**	**$10.2**	**$9.7**	**$9.2**
Total Marijuana Taxes	**$262.2**	**$269.6**	**$273.9**	**$279.5**

The revenue from the retail marijuana sales tax in Proposition AA goes first to the General Fund before being transferred to the Marijuana Tax Cash Fund, local governments, and the Public School Fund. The remaining amount after these transfers stays in the General Fund. Proposition AA also included an excise tax of 15 percent on retail marijuana sales that is credited to public school cash funds. The distribution of marijuana tax revenue is shown in the table below.[1]

Fiscal Year	Total Marijuana Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Permanent Fund	Public School Fund	Marijuana Tax Cash Fund
FY 2018-19 Preliminary	$262.2	$19.3	$27.1	$52.6	$5.8	$21.9	$135.4
FY 2019-20 Projected	$269.6	$20.5	$28.7	$54.4	$0.0	$23.2	$142.8
FY 2020-21 Projected	$273.9	$21.2	$29.7	$52.5	$0.0	$24.0	$146.6
FY 2021-22 Projected	$279.5	$21.9	$30.6	$51.5	$0.0	$24.8	$150.6

[1] FY 2018-19 figures are preliminary distributions, while FY 2019-20 through FY 2021-22 are projections. Note that transfers to the Public School Permanent Fund were ended by HB19-1055 and instead diverted to BEST School Capital Construction. Totals may not sum due to rounding.

Federal Mineral Lease

Federal Mineral Lease (FML) revenue is expected to grow 5.6 percent to $120.2 million in FY 2019-20 and 5.2 percent to $126.4 million in FY 2020-21.[2] FML revenues grew by 32.1 percent in FY 2018-19 as a result of increased production and the end of FML "bonus" payment refunds to mineral extraction leaseholders on the Roan Plateau. While FML revenue is exempt from TABOR, it is included here because a portion of the money is distributed to the Public School Fund, where it is used for the State's share of K-12 school finance.

Fiscal Year	Bonus	Non-Bonus	Total FML	% Change
FY 2018-19	$2.8	$111.0	$113.8	32.1%
FY 2019-20	$3.6	$116.6	$120.2	5.6%
FY 2020-21	$3.8	$122.6	$126.4	5.2%
FY 2021-22	$4.0	$128.5	$132.5	4.8%

FML royalties are derived from a percentage of the value of resources produced on leased federal lands. FML activity includes the production of natural gas, crude oil, propane, carbon dioxide, coal, and other mineral resources. The Bureau of Land Management (BLM) receives "bonus" payments from the auction of leases to extract mineral resources from federal lands. Producers remit royalties, bonus, and rental payments to the federal government that are then shared with the state in which production occurs.

Other Cash Funds

Cash fund revenue to the Department of Regulatory Agencies (DORA) is projected to increase 5.5 percent to $82.9 million in FY 2019-20 and 2.1 percent to $84.6 million in FY 2020-21. Revenue from licensing fees and other services fund many of the Department's activities.

Insurance-related cash fund revenue is obtained largely from a surcharge on workers' compensation insurance. Revenue from this source is estimated to grow 13.4 percent to $25.6 million in FY 2019-20 and decline 3.1 percent to $24.8 million in FY 2020-21.

The "Other Miscellaneous Cash Funds" category includes revenue from over 300 cash fund programs, which generally collect revenue from fines, fees, and interest earnings. In FY 2019-20, revenue to these funds is expected to increase 5.7 percent to $736.5 million, followed by an estimated increase of 4.6 percent to $770.5 million in FY 2020-21.

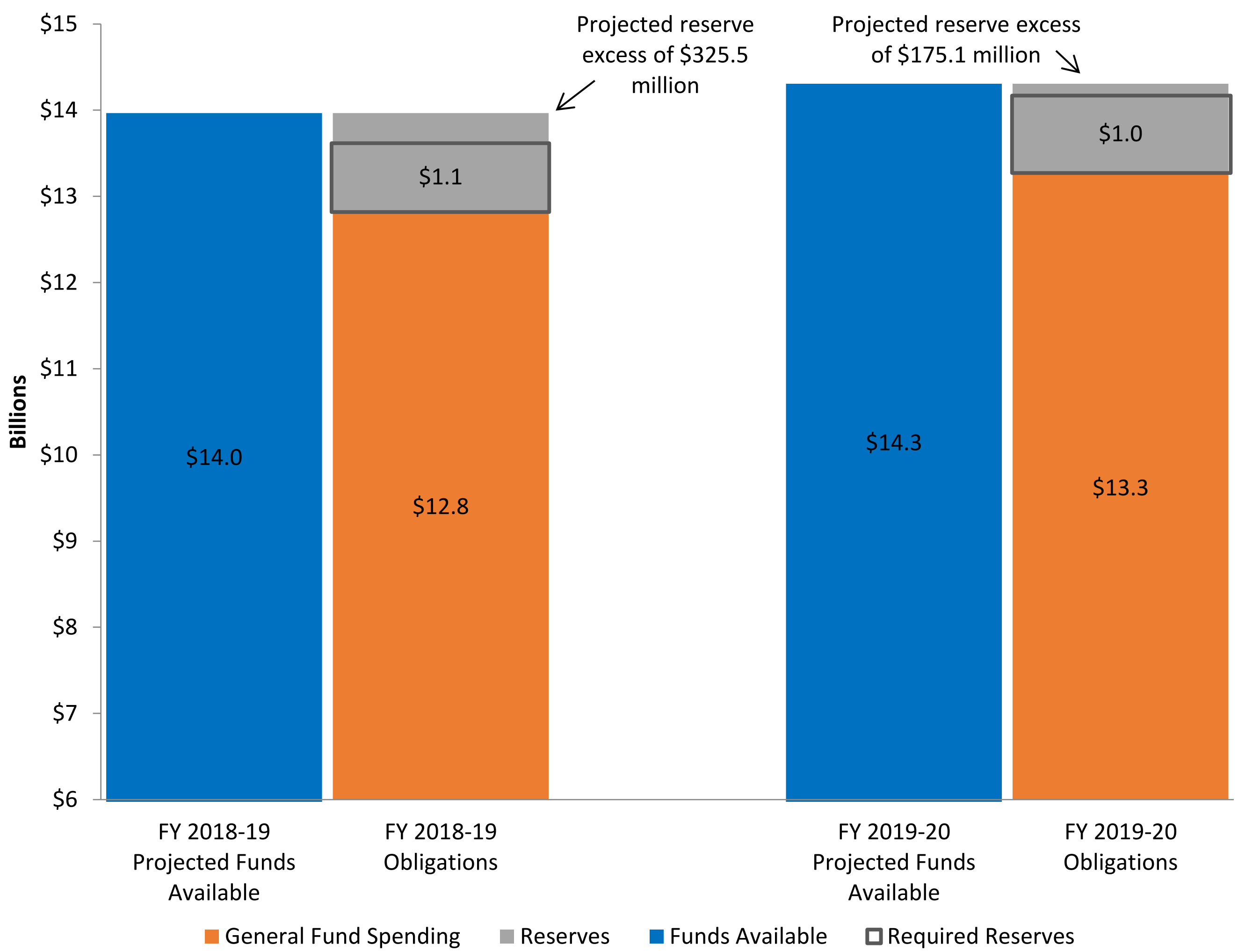
[2] FY 2018-19 figures are preliminary collections, while FY 2019-20 through FY 2021-22 are projections.

Budget Outlook

General Fund

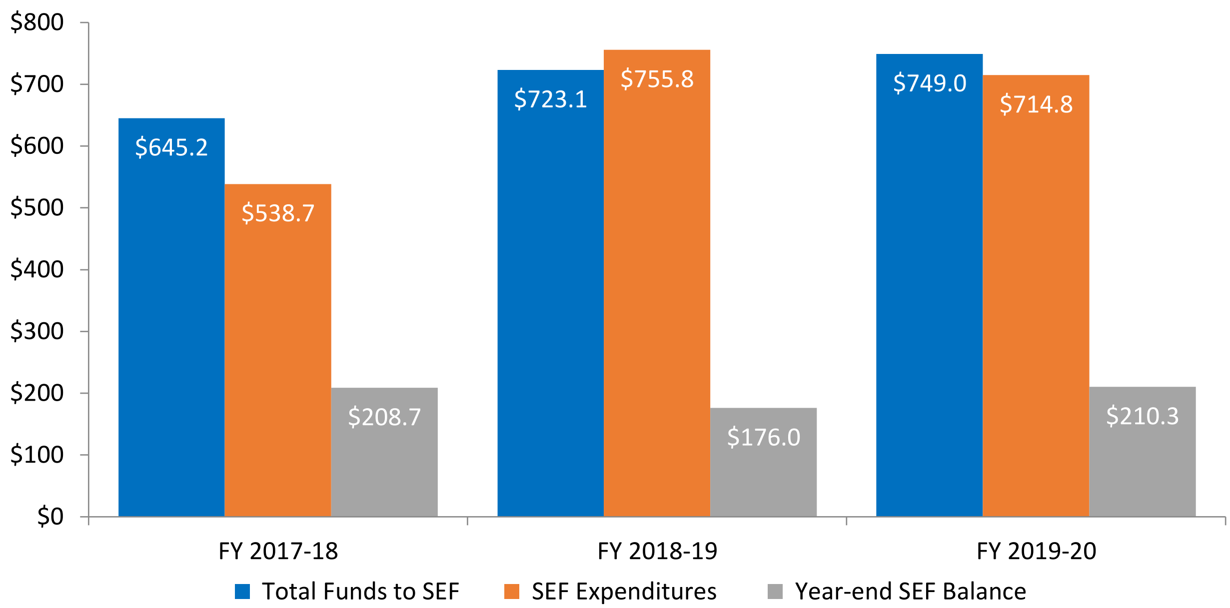
General Fund revenue is projected to grow by 4.1 percent in FY 2019-20 and 4.0 percent in FY 2020-21, after growing by 7.3 percent in FY 2018-19. The General Fund revenue forecast for FY 2019-20 is $44.1 million, or 0.3 percent, less than estimated in June. The forecast for FY 2020-21 is $109.5 million, or 0.8 percent, lower than the June forecast.

The General Fund reserve was $325.5 million above the required statutory reserve amount of 7.25 percent of appropriations in FY 2018-19, according to preliminary estimates. Under this forecast, the General Fund reserve is projected to be $175.1 million above the statutory reserve amount in FY 2019-20. The figure below illustrates the General Fund revenue, obligations, and reserve balances under current law.



State Education Fund

In FY 2018-19, the State Education Fund's year-end balance is projected to have fallen from its FY 2017-18 level of $208.7 million to $176.0 million. This decrease is the result of a higher level of State Education Fund expenditures in FY 2018-19, which reduced the need for General Fund appropriations for funding K-12 public education. The fund balance is projected to rise to $210.3 million in FY 2019-20. The budget for FY 2019-20 includes a transfer from the General Fund to the State Education Fund of $40.3 million, as included in the School Finance Act. The figure below summarizes total State Education Fund revenue available, total spending, and ending balance levels for FY 2017-18 through FY 2019-20 under current law.



Forecast Risks

This budget outlook is based on OSPB's economic analysis and forecast as detailed in Tables 1 and 2 of the Reference Tables at the end of this document. Changes in economic conditions impact the budget outlook through associated changes in the use of many state services, such as Medicaid.

Risks to the budget outlook are balanced to the downside. Since State revenues are currently above the voter-approved revenue cap and are expected to remain so throughout the forecast period, better-than-expected economic conditions and revenue collections will not benefit the state budget. The state budget remains vulnerable to downside risks, however, as an economic slowdown or recession could reduce revenue collections and result in less budget capacity.

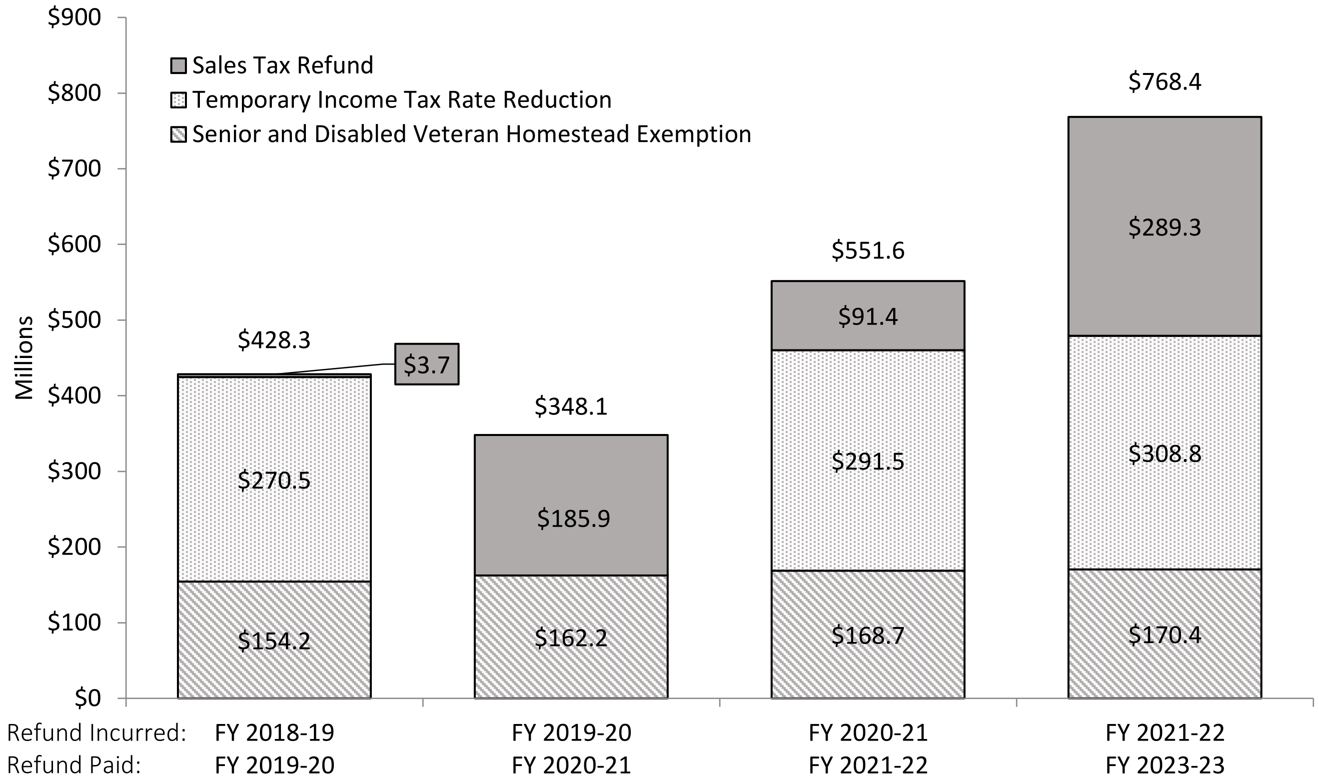
Supplemental Materials

An overview of General Fund and State Education Fund revenue, expenditures, and end-of-year reserves is provided in the Reference Tables at the end of this document. A more detailed discussion of the information presented in the Reference Tables can be found at the Office of State Planning and Budgeting's website: www.colorado.gov/governor/economics.

TABOR Outlook

Under Article X, Section 20 of the State Constitution, the Taxpayer's Bill of Rights (TABOR), revenue received from certain sources is subject to an annual limit determined by the prior year's limit after adjustments for inflation and population growth. Any TABOR revenue received above the cap is to be refunded to taxpayers in the subsequent fiscal year. Revenue subject to TABOR exceeded the revenue cap by $428.3 million in FY 2018-19 and is projected to be above the cap by $348.1 million in FY 2019-20.

Current law specifies three mechanisms by which revenue in excess of the cap is to be refunded to taxpayers: the senior homestead and disabled veterans property tax exemptions, a temporary income tax rate reduction (from 4.63% to 4.50%), and a sales tax refund. The size of the refund determines which refund mechanisms are used. The figure below shows the anticipated refund that will be distributed through each statutorily defined refund mechanism under current law.



A total of $270.5 million of the $428.3 million refund obligation from FY 2018-19 will be paid out as an income tax rate reduction, while $3.7 million will be distributed as a sales tax refund, and $154.2 million will be refunded via the senior homestead and disabled veterans property tax exemption expenditures in FY 2019-20. The combined benefit of the income tax rate reduction and the sales tax refund is estimated to average $44 for single returns and $148 for joint returns, though significant variability exists across income levels.

In FY 2019-20, refunds in excess of the homestead exemption will be refunded via a sales tax refund. The FY 2019-20 sales tax refund is estimated to average $52 per taxpayer in FY 2020-21.

In FY 2020-21 and FY 2021-22, projected refunds will again exceed homestead exemption refund expenditures by an amount sufficient to fund the temporary income tax rate reduction. FY 2021-22 tax payments are projected to be reduced by a total of $71 for taxpayers filing single returns and $211 for taxpayers filing joint returns on average, while FY 2022-23 tax payments are projected be reduced by a total of $125 for taxpayers filing joint returns and $323 for taxpayers filing joint returns, on average, though significant variability exists across income levels. The total expected average refund per taxpayer is shown in the table below according to the fiscal year the refund will be paid.

Average Refund Paid	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Single Filers	$44	$52	$71	$125
Joint Filers	$148	$104	$211	$323

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

Line No.		Actual						September 2019 Forecast		
		2013	2014	2015	2016	2017	2018	2019	2020	2021
	Income									
1	Personal Income (Billions) /A	$249.0	$271.1	$284.1	$289.6	$306.4	$323.8	$341.3	$358.3	$374.8
2	Change	5.2%	8.9%	4.8%	1.9%	5.8%	5.7%	5.4%	5.0%	4.6%
3	Wage and Salary Income (Billions) /A	$129.5	$138.6	$146.5	$151.0	$160.4	$168.8	$178.1	$187.2	$195.8
4	Change	3.7%	7.0%	5.7%	3.1%	6.2%	5.3%	5.5%	5.1%	4.6%
5	Per-Capita Income ($/person) /A	$47,236	$50,662	$52,116	$52,269	$54,561	$56,846	$59,122	$61,306	$63,231
6	Change	3.7%	7.3%	2.9%	0.3%	4.4%	4.2%	4.0%	3.7%	3.1%
	Population & Employment									
7	Population (Thousands)	5,270.5	5,351.2	5,452.1	5,540.9	5,615.9	5,695.6	5,771.9	5,844.7	5,927.4
8	Change	1.5%	1.5%	1.9%	1.6%	1.4%	1.4%	1.3%	1.3%	1.4%
9	Net Migration (Thousands)	45.3	47.7	69.1	59.6	47.6	53.0	50.0	47.0	56.0
10	Unemployment Rate	6.9%	5.0%	3.8%	3.2%	2.7%	3.3%	3.3%	3.4%	3.7%
11	Total Nonagricultural Employment (Thousands)	2,380.5	2,463.7	2,541.0	2,601.8	2,660.4	2,725.3	2,774.4	2,816.0	2,849.8
12	Change	3.0%	3.5%	3.1%	2.4%	2.3%	2.4%	1.8%	1.5%	1.2%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	27.5	28.7	31.9	39.0	41.9	45.5	39.1	38.6	39.9
14	Change	18.1%	4.3%	11.1%	22.3%	7.5%	8.5%	-14.0%	-1.3%	3.4%
15	Nonresidential Construction Value (Millions) /B	$3,624.0	$4,350.9	$4,990.8	$5,992.1	$6,167.4	$7,959.6	$5,930.3	$6,067.0	$6,550.6
16	Change	16.4%	20.1%	14.7%	20.1%	2.9%	29.1%	-25.5%	2.3%	8.0%
	Prices & Sales Variables									
17	West Texas Intermediate (WTI) Crude Oil Spot Price ($/barrel)	$97.94	$93.26	$48.69	$43.14	$50.88	$64.94	$57.59	$58.62	$59.64
18	Change	4.0%	-4.8%	-47.8%	-11.4%	17.9%	27.6%	-11.3%	1.8%	1.7%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100) /C	230.8	237.2	240.0	246.6	255.0	262.0	266.4	272.0	277.4
20	Change	2.8%	2.8%	1.2%	2.8%	3.4%	2.7%	1.7%	2.1%	2.0%

/A Personal Income as reported by the federal Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance.

/B Nonresidential Construction Value is reported by Dodge Analytics (McGraw-Hill Construction) and includes new construction, additions, and major remodeling projects predominately at commercial and manufacturing facilities, educational institutions, and medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways, bridges and utilities).

/C In 2018 the geography and data frequency of this series were revised. 2017 and prior years represent Denver-Boulder-Greeley regional prices.

Table 2: National Economic Variables – History and Forecast

Line No.		Actual						September 2019 Forecast		
		2013	2014	2015	2016	2017	2018	2019	2020	2021
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$16,495.4	$16,912.0	$17,403.8	$17,688.9	$18,108.1	$18,638.2	$19,073.5	$19,416.8	$19,766.3
2	Change	1.8%	2.5%	2.9%	1.6%	2.4%	2.9%	2.3%	1.8%	1.8%
3	Personal Income (Billions) /B	$14,181.1	$14,991.7	$15,717.8	$16,121.2	$16,878.8	$17,819.2	$18,677.6	$19,423.2	$20,191.6
4	Change	1.2%	5.7%	4.8%	2.6%	4.7%	5.6%	4.8%	4.0%	4.0%
5	Per-Capita Income ($/person)	$44,869	$47,086	$49,004	$49,900	$51,911	$54,465	$56,681	$58,522	$60,408
6	Change	0.6%	4.9%	4.1%	1.8%	4.0%	4.9%	4.1%	3.2%	3.2%
7	Wage and Salary Income (Billions) /B	$7,113.2	$7,475.2	$7,856.7	$8,083.5	$8,462.1	$8,888.5	$9,373.4	$9,767.1	$10,138.2
8	Change	2.7%	5.1%	5.1%	2.9%	4.7%	5.0%	5.5%	4.2%	3.8%
	Population & Employment									
9	Population (Millions)	316.1	318.4	320.7	323.1	325.1	327.2	329.5	331.9	334.3
10	Change	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%	0.7%	0.7%
11	Unemployment Rate	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	3.8%	3.9%
12	Total Nonagricultural Employment (Millions)	136.4	139.0	141.8	144.4	146.6	149.1	151.2	152.8	154.0
13	Change	1.6%	1.9%	2.1%	1.8%	1.6%	1.7%	1.4%	1.1%	0.8%
	Price Variables									
14	Consumer Price Index (1982-84=100)	233.0	236.7	237.0	240.0	245.1	251.1	255.8	261.1	266.7
15	Change	1.5%	1.6%	0.1%	1.3%	2.1%	2.4%	1.9%	2.1%	2.1%
16	Producer Price Index - All Commodities (1982=100)	203.4	205.3	190.4	185.4	193.5	202.0	202.3	208.3	212.0
17	Change	0.6%	0.9%	-7.3%	-2.6%	4.4%	4.4%	0.2%	2.9%	1.8%
	Other Key Indicators									
18	Pre-Tax Corporate Profits (Billions)	$2,010.7	$2,120.2	$2,061.5	$2,011.5	$2,005.9	$2,074.6	$2,062.2	$2,148.8	$2,333.6
19	Change	0.7%	5.4%	-2.8%	-2.4%	-0.3%	3.4%	-0.6%	4.2%	8.6%
20	Housing Permits (Millions)	0.991	1.052	1.183	1.207	1.282	1.329	1.314	1.333	1.396
21	Change	19.4%	6.2%	12.4%	2.0%	6.2%	3.7%	-1.1%	1.5%	4.7%
22	Retail Trade (Billions)	$5,001.8	$5,215.7	$5,349.5	$5,514.9	$5,750.4	$6,024.2	$6,227.0	$6,407.6	$6,593.4
23	Change	3.6%	4.3%	2.6%	3.1%	4.3%	4.8%	3.4%	2.9%	2.9%

/A U.S. Bureau of Economic Analysis, National Income and Product Accounts. Inflation-adjusted, in 2009 dollars.

/B Personal Income as reported by the U.S. Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance.

Table 3: General Fund Revenue Estimates by Tax Category /A

Line No.	Category	Preliminary FY 2018-19	% Chg	September 2019 Estimate by Fiscal Year FY 2019-20	% Chg	FY 2020-21	% Chg	FY 2021-22	% Chg
	Excise Taxes:								
1	Sales	$3,246.6	4.9%	$3,484.6	7.3%	$3,641.9	4.5%	$3,763.4	3.3%
2	Use	$345.5	11.5%	$328.7	-4.9%	$338.2	2.9%	$347.0	2.6%
3	Cigarette	$32.6	-5.8%	$32.9	1.0%	$30.6	-7.0%	$28.3	-7.5%
4	Tobacco Products	$27.7	69.1%	$23.2	-16.5%	$23.3	0.5%	$23.7	1.9%
5	Liquor	$48.3	3.9%	$49.2	1.8%	$49.8	1.3%	$50.9	2.2%
6	**Total Excise**	**$3,700.8**	**5.7%**	**$3,918.5**	**5.9%**	**$4,083.7**	**4.2%**	**$4,213.3**	**3.2%**
	Income Taxes:								
7	Net Individual Income	$8,247.0	8.8%	$8,630.3	4.6%	$8,945.9	3.7%	$9,443.3	5.6%
8	Net Corporate Income	$919.8	17.6%	$863.1	-6.2%	$930.1	7.8%	$1,018.2	9.5%
9	**Total Income**	**$9,166.8**	**9.7%**	**$9,493.4**	**3.6%**	**$9,876.0**	**4.0%**	**$10,461.6**	**5.9%**
10	*Less: State Education Fund Diversion*	*$678.3*	*9.9%*	*$701.3*	*3.4%*	*$740.7*	*5.6%*	*$784.6*	*5.9%*
11	**Total Income to General Fund**	**$8,488.4**	**9.6%**	**$8,792.1**	**3.6%**	**$9,135.3**	**3.9%**	**$9,676.9**	**5.9%**
	Other Revenue:								
12	Insurance	$314.9	3.7%	$328.2	4.2%	$338.4	3.1%	$349.1	3.2%
13	Interest Income	$26.5	35.8%	$28.2	6.4%	$29.2	3.6%	$30.6	4.6%
14	Pari-Mutuel	$0.5	-1.7%	$0.5	-2.0%	$0.5	-2.0%	$0.5	-2.0%
15	Court Receipts	$4.2	-5.3%	$4.3	2.4%	$4.3	0.0%	$4.3	0.0%
16	Other Income	$48.9	-67.9%	$24.6	-49.6%	$25.6	4.0%	$26.7	4.2%
17	**Total Other**	**$395.0**	**-17.8%**	**$385.8**	**-2.3%**	**$398.0**	**3.2%**	**$411.1**	**3.3%**
18	**GROSS GENERAL FUND**	**$12,584.2**	**7.3%**	**$13,096.4**	**4.1%**	**$13,617.0**	**4.0%**	**$14,301.3**	**5.0%**

/A Dollars in millions.

Table 4: General Fund Overview /A

Line No.		Preliminary FY 2018-19	September 2019 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
Revenue					
1	**Beginning Reserve**	**$1,366.0**	**$1,139.7**	**$1,046.3**	**$923.1**
2	**Gross General Fund Revenue**	**$12,584.2**	**$13,096.4**	**$13,617.0**	**$14,301.3**
3	*Transfers to the General Fund*	$17.2	$71.3	$19.2	$20.0
4	**TOTAL GENERAL FUND AVAILABLE**	**$13,967.4**	**$14,307.4**	**$14,682.5**	**$15,244.5**
Expenditures					
5	**Appropriation Subject to Limit**	**$11,230.5**	**$12,015.3**	**$12,732.8**	**$13,047.5**
6	*Dollar Change (from prior year)*	$799.6	$784.8	$717.5	$314.7
7	*Percent Change (from prior year)*	7.7%	7.0%	6.0%	2.5%
8	**Spending Outside Limit**	**$1,597.2**	**$1,245.9**	**$1,026.6**	**$1,251.0**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$428.3	$348.1	$551.6	$768.4
10	*Homestead Exemption (Net of TABOR Refund)*	$106.4	$0.0	$0.0	$0.0
11	*Other Rebates and Expenditures*	$159.7	$141.7	$143.3	$144.7
12	*Transfers for Capital Construction*	$180.5	$225.8	$50.0	$50.0
13	*Transfers for Transportation*	$495.0	$300.0	$50.0	$50.0
14	*Transfers to State Education Fund*	$25.0	$40.3	$0.0	$0.0
15	*Transfers to Other Funds*	$202.2	$189.8	$231.7	$237.9
16	*Other Expenditures Exempt from General Fund Appropriations Limit*	$0.0	$0.0	$0.0	$0.0
17	**TOTAL GENERAL FUND OBLIGATIONS**	**$12,827.7**	**$13,261.2**	**$13,759.4**	**$14,298.6**
18	*Percent Change (from prior year)*	14.4%	3.4%	3.8%	3.9%
19	Reversions and Accounting Adjustments	$0.0	$0.0	$0.0	$0.0
Reserves					
20	**Year-End General Fund Balance**	**$1,139.7**	**$1,046.3**	**$923.1**	**$945.9**
21	*Year-End General Fund as a % of Appropriations*	10.1%	8.7%	7.25%	7.25%
22	*General Fund Statutory Reserve*	$814.2	$871.1	$923.1	$945.9
23	*Above/Below Statutory Reserve*	$325.5	$175.1	$0.0	$0.0

/A FY 2020-21 and FY 2021-22 expenditures will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown are illustrative only. Dollars in millions.

Table 5: General Fund and State Education Fund Overview /A

Line No.		Preliminary FY 2018-19	September 2019 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
Revenue					
1	**Beginning Reserves**	**$1,574.7**	**$1,315.7**	**$1,256.5**	**$1,066.1**
2	*State Education Fund*	$208.7	$176.0	$210.3	$143.0
3	*General Fund*	$1,366.0	$1,139.7	$1,046.3	$923.1
4	**Gross State Education Fund Revenue**	**$723.1**	**$749.0**	**$748.1**	**$792.5**
5	**Gross General Fund Revenue /B**	**$12,601.4**	**$13,167.8**	**$13,636.3**	**$14,321.4**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$14,899.2**	**$15,232.5**	**$15,640.9**	**$16,180.0**
Expenditures					
7	General Fund Expenditures /C	$12,827.7	$13,261.2	$13,759.4	$14,298.6
8	State Education Fund Expenditures	$759.6	$714.8	$815.4	$784.0
9	**TOTAL OBLIGATIONS**	**$13,587.4**	**$13,975.9**	**$14,574.8**	**$15,082.6**
10	*Percent Change (from prior year)*	15.6%	2.9%	4.3%	3.5%
11	*Reversions and Accounting Adjustments*	-$3.8	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$1,315.7**	**$1,256.5**	**$1,066.1**	**$1,097.4**
13	State Education Fund	$176.0	$210.3	$143.0	$151.4
14	General Fund	$1,139.7	$1,046.3	$923.1	$945.9
15	*General Fund Above/Below Statutory Reserve*	$325.5	$175.1	$0.0	$0.0

/A FY 2020-21 and FY 2021-22 expenditures will be adopted in future budget legislation. Therefore, the expenditures and fund balance projections shown are illustrative only. Dollars in millions.
/B This amount includes transfers to the General Fund.
/C General Fund expenditures include appropriations subject to the limit of 5.0% of Colorado personal income as well as all spending outside the limit.

Table 6: Cash Fund Revenue Subject to TABOR

Category	Preliminary FY 2018-19	September 2019 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
Transportation-Related /A	**$1,275.9**	**$1,302.2**	**$1,336.5**	**$1,369.6**
Change	0.0%	2.1%	2.6%	2.5%
Limited Gaming Fund /B	**$107.0**	**$109.8**	**$112.3**	**$114.9**
Change	0.2%	2.6%	2.3%	2.2%
Capital Construction - Interest	**$4.7**	**$4.6**	**$4.5**	**$4.3**
Change	1.6%	-3.2%	-2.2%	-3.3%
Regulatory Agencies	**$78.5**	**$82.9**	**$84.6**	**$86.3**
Change	-2.4%	5.5%	2.1%	2.1%
Insurance-Related	**$22.6**	**$25.6**	**$24.8**	**$24.8**
Change	26.7%	13.4%	-3.1%	-0.1%
Severance Tax	**$255.2**	**$114.1**	**$210.4**	**$201.3**
Change	78.4%	-55.3%	84.4%	-4.3%
Other Miscellaneous Cash Funds	**$696.6**	**$736.5**	**$770.5**	**$805.4**
Change	3.0%	5.7%	4.6%	4.5%
TOTAL CASH FUND REVENUE	***$2,440.6***	***$2,375.6***	***$2,543.6***	***$2,606.6***
Change	5.9%	-2.7%	7.1%	2.5%

/A Includes revenue from Senate Bill 09-108 (FASTER) which began in FY 2009-10. Roughly 40% of FASTER-related revenue is directed to State Enterprises. Revenue to State Enterprises is exempt from TABOR and is thus not included in the figures reflected by this table. Dollars in millions.

/B Excludes tax revenue from extended gaming as allowed by Amendment 50 to the Colorado Constitution as this revenue is exempt from TABOR. The portion of limited gaming revenue that is exempt is projected based on the formula outlined in House Bill 09-1272.

Table 7: TABOR and the Referendum C Revenue Limit

Line No.		Preliminary FY 2018-19	September 2019 Estimate by Fiscal Year FY 2019-20	FY 2020-21	FY 2021-22
	TABOR Revenues:				
1	General Fund /A	$12,350.4	$12,921.4	$13,405.3	$14,082.6
	Percent Change from Prior Year	8.2%	4.6%	3.7%	5.1%
2	Cash Funds /A	$2,438.0	$2,375.6	$2,543.6	$2,606.6
	Percent Change from Prior Year	5.8%	-2.6%	7.1%	2.5%
3	**Total TABOR Revenues**	**$14,788.4**	**$15,297.0**	**$15,948.9**	**$16,689.2**
	Percent Change from Prior Year	7.8%	3.4%	4.3%	4.6%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.4%	1.4%	1.3%	1.3%
5	Previous calendar year inflation	3.4%	2.7%	1.7%	2.1%
6	**Allowable TABOR Growth Rate**	4.8%	4.1%	3.0%	3.4%
7	TABOR Limit /B	$11,759.3	$12,241.5	$12,608.7	$13,037.4
8	General Fund Exempt Revenue Under Ref. C /C	$2,600.7	$2,707.4	$2,788.6	$2,883.4
9	**Revenue Cap Under Ref. C /B, /D**	**$14,360.1**	**$14,948.8**	**$15,397.3**	**$15,920.8**
10	***Amount Above/Below Cap***	**$428.3**	**$348.1**	**$551.6**	**$768.4**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$428.3**	**$348.1**	**$551.6**	**$768.4**
12	TABOR Reserve Requirement	$430.8	$448.5	$461.9	$477.6

/A Amounts differ from the revenue totals reported in Table 3 and Table 6 due to accounting adjustments, and because some General Fund revenue is exempt from TABOR. Dollars in millions.
/B The TABOR limit and Referendum C cap are adjusted to account for changes in the enterprise status of various state entities.
/C Under Referendum C, a "General Fund Exempt Account" is created in the General Fund. The account consists of money collected in excess of the TABOR limit in accordance with Referendum C.
/D The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenue" or the "Revenue Cap under Ref. C," whichever is smaller. Beginning in FY 2010-11, the revenue limit is based on the highest revenue total from FY 2005-06 to 2009-10 plus the "Allowable TABOR Growth Rate." FY 2007-08 was the highest revenue year during the Referendum C timeout period. SB 17-267 reduced the Referendum C cap by $200 million in FY 2017-18. The lower cap then grows by inflation and population growth in subsequent years.
/E These adjustments are the result of: (a) changes that were made to State accounting records for years in which TABOR refunds occurred that resulted in changes in required refunds to taxpayers, and (b) the refund to taxpayers in previous years was different than the actual amount required. Such adjustments are held by the State until a future year in which a TABOR refund occurs when they adjust the total refund amount distributed to taxpayers.

APPENDIX G

PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND

Introduction

The Act creates the Public School Capital Construction Assistance Board and the Public School Capital Construction Assistance Fund. In accordance with the Act, the Assistance Fund is funded from revenues received by the State from (i) a portion of rental income and royalties derived from State public school lands, (ii) a portion of State lottery proceeds, (iii) amounts paid by Participating K-12 Institutions for which capital projects are financed through the Program, (iv) excise tax revenue from marijuana sales and (v) State appropriations described in the following paragraph.

Under the Act, the State Treasurer may enter into lease purchase agreements (the "Leases") for which the State may decide annually to appropriate rent from the Assistance Fund. The General Assembly is also authorized to appropriate or transfer moneys to the Assistance Fund from any legally available source, including the State General Fund, if the amount in the Assistance Fund is insufficient to pay the full amount of the payments due to be made under the Leases. See "APPENDIX E – THE STATE GENERAL FUND."

The decision of the State to appropriate funds to pay its obligations under the Leases or make up any shortfall in the Assistance Fund may be impacted by the amount and stability of revenues allocated to the Assistance Fund under the Act. Amounts deposited in the Assistance Fund are also available for other purposes permitted by the Act, including, without limitation, defraying the cost of Projects. As of June 30, 2019, approximately $266.5 million was on deposit in the Assistance Fund. In 2013, the Act was amended to require that the Assistance Board ensure that effective June 30, 2013, and each June 30 thereafter, the balance of the Assistance Fund, not including the amounts credited to the charter school facilities assistance account within the Assistance Fund, is at least equal to the total amount of payments to be made by the State during the next Fiscal Year under the terms of any lease purchase agreement entered into pursuant to the Act less the amount of any Matching Moneys (as described below under "Matching Moneys") and federal moneys (such as the Federal Direct Payments) to be received for the purpose of making the payments. The revenue sources for the Assistance Fund are further described below.

Rental Income and Royalties

The Territory of Colorado was established in 1861 pursuant to an enabling act (the "Enabling Act"). In the Enabling Act, the federal government declared that certain land previously owned by the federal government was to be granted in trust to the State for the support of the State's public schools (the "Public School Lands"). On the date it was admitted to the United States, the State held roughly 3.7 million acres of Public School Lands. As of June 30, 2019, the Colorado State Land Board of Commissioners (the "State Land Board") reported that the State held approximately 2.8 million surface acres and approximately 4.0 million mineral acres in trust as Public School Lands.

The Act currently provides that for each Fiscal Year there is to be deposited to the Assistance Fund the greater of (i) 30% of the gross amount of "Public School Lands Income" (defined below) received during the Fiscal Year, or (ii) $40 million. However, if the State Treasurer determines during any Fiscal Year that the use of interest or income earned on the deposit and investment of moneys in the Public School Fund to make lease payments under a Lease will prevent the interest component of the lease payments from qualifying for exemption from federal income taxation and provides written notice to the JBC of such determination, for the portion of the Fiscal Year beginning on the date the written notice is provided to the JBC and for each subsequent Fiscal Year unless and until the State Treasurer makes a new determination during any Fiscal Year that the use of interest or income earned on the deposit and investment of moneys in the Public School Fund to make lease payments under a Lease will not prevent the interest component of the lease payments from qualifying for exemption from federal income taxation and provides written notice to the JBC of such determination, for the portion of the Fiscal Year beginning on the date the written notice is provided to the JBC, the amount to be deposited in the Assistance Fund is to be the greater of (i) 50% of the gross amount of Public School Lands Income other than interest or income earned on the deposit and investment of moneys in the Public School Fund received during the Fiscal Year or (ii) $40 million. Public School Lands Income is defined under the Act to include: (i) the sale of timber on Public School Lands, and rentals or lease payments for the use and occupation of Public School Lands, and rentals or lease payments for sand, gravel, clay, stone, coal, oil, natural gas, geothermal resources, gold, silver or other minerals on Public School Lands ("Rental Income"); and (ii) royalties and other payments for the extraction of any natural resource on Public School Lands ("Royalties"). Proceeds from the sale of Public School Lands are not part of Public School Lands Income, but such proceeds may be used by the State to purchase additional income-producing Public School Lands.

The following table shows the Rental Income and Royalties generated in each of the last five full Fiscal Years.

Rental Income and Royalties
(Unaudited)

	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19
Rental Income[1,2]	$ 25,869,879	$ 30,333,850	$ 25,561,599	$ 29,339,033	$ 25,984,605
Royalties[1]	163,634,733	105,830,542	92,795,261	100,450,450	122,490,646
Total[3]	$189,504,612	$136,164,392	$118,356,860	$129,789,483	$148,475,251

[1] Includes interest earned on these revenues before they are distributed.

[2] Also includes timber sales.

[3] See also the table under "Assistance Fund Details" in this Appendix. The variance for the entries in such table for "Rent and Royalties from State Land Board" and the amounts shown above is attributable to the fact that the State Land Board records the numbers above on an accrual basis while the Colorado Department of Education records the entries in the Assistance Fund on a cash basis.

Source: State Land Board

Revenues from Rental Income and Royalties are primarily derived from non-renewable resources. In addition to the prices of such resources, the sustainability and consistency of such revenues annually is dependent upon the management of such resources by the State Land Board, including adequate diversification of properties and the timely reinvestment of Public School Lands Income in additional income-producing property.

The State Land Board experienced large increases in annual revenue in Fiscal Years 2012-13 through 2014-15 due almost entirely to the shale oil (Niobrara) boom. During this period the State Land Board benefited from historically high oil and natural gas lease auction bonuses, over 20% increase in oil and natural gas production on State trust land and high Colorado oil and natural gas prices. Negative pressures have impacted the revenue generated from Public School Lands in recent years. Oil and natural gas production has declined due to reduced new well starts and production volume that drops off significantly as wells age (production from horizontal wells declines by around 85% after the first year). Producers have not been as optimistic about developing new capacity as they were a few years ago, causing bonus payments to also decline. Though the State Land Board controls neither the price nor the demand for the commodity, the agency anticipates this trend to continue.

In the next year, the State Land Board expects oil and natural gas lease bonus revenue will further decline from $3.0 million to $1.5 million, oil royalty revenues will decline from $86.2 million to

$71.4 million and natural gas royalty revenues will decline from $25.3 million to $22.3 million. The volatility of extractive markets underscores the agency's strategic efforts to diversify its revenue streams. In fact, the agency's decline in revenues from extractive resources was partially offset by the continued steady increase in recurring revenue streams, such as commercial real estate, renewable energy leasing and agriculture grazing leases. Additionally, the interest generated from the Public School Permanent Fund has also experienced a steady increase. The corpus of the Public School Permanent Fund, a cash endowment fund that is managed by the State Treasurer's office, reached $1.15 billion, or nearly double the 2007 corpus. The corpus of the Public School Permanent Fund is inviolable, while the interest generated by the Fund is used to support K-12 education annually. The agency forecasts continued growth in both recurring revenue streams and the Public School Permanent Fund over the next few years.

Revenues of the State Land Board's School Trust, which benefit K-12 public schools both through allocations in the State's annual budget for public education and deposits to the Assistance Fund, increased in Fiscal Year 2018-19 but are projected to decline in Fiscal Year 2019-20 despite increases in non-oil and gas (*i.e.,* recurring) School Trust revenues.

State Lottery Proceeds

Article XXVII of the State Constitution (the "Lottery Amendment") created the Great Outdoors Colorado Program which allocates the "Net Proceeds" of State-supervised lottery games to various purposes. Net Proceeds are defined as all proceeds from all programs including Lotto and every other State-supervised lottery game operated under the authority of the Lottery Amendment less the cost of prizes and expenses of the State Lottery Division and other operational expenses of the State lottery. The Lottery Amendment currently requires that in every quarter of the State's Fiscal Year, an amount equal to 50% of the Net Proceeds exceeding $53.1 million (as adjusted each year since Fiscal Year 2007-08 for changes from the 1992 Consumer Price Index-Denver) is to be deposited to the Assistance Fund (the "BEST Lottery Share").

The BEST Lottery Share deposits to the Assistance Fund in each of the last five Fiscal Years are set forth in the following table. *The cost of randomly-awarded prizes and the operational expenses of the State lottery vary significantly from year to year, so the amount of Net Proceeds available for BEST Lottery Share deposits has been and may remain volatile.* There is no certainty that the BEST Lottery Share will exceed or meet current levels. See also "Assistance Fund Details" hereafter in this Appendix.

BEST Lottery Share[1]

	Fiscal Year 2013-14	**Fiscal Year 2014-15**	**Fiscal Year 2015-16**	**Fiscal Year 2016-17**	**Fiscal Year 2017-18**	**Fiscal Year 2018-19**
BEST Lottery Share	$4,735,342	$1,997,456	$8,070,499	$2,273,562	$4,117,403	$14,736,143[2]

1 Amounts reflected above were generated in the prior Fiscal Years, received in the Fiscal Year as shown and deposited in the Assistance Fund.

2 The State Lottery Division attributes the jump in sales in Fiscal Year 2018-19 to the launched a new $50 scratch ticket, some high jackpots in the fall of 2018 and growth in the State's population, which typically results in more players. See the cautionary statement in the lead-in paragraph to the table.

Source: Colorado Department of Education

Marijuana Excise Tax Revenues

On November 6, 2012, Colorado voters approved an initiated State constitutional measure known as Amendment 64 which provides for the legalization of marijuana use for persons 21 years of age or older and the taxation and regulation of marijuana in a manner similar to alcohol. Amendment 64 directs the General Assembly to enact an excise tax upon certain marijuana transactions prior to January 1, 2017, at a rate to be determined by the General Assembly, but not to exceed 15%. Amendment 64 requires the first $40 million in revenues received annually from such excise tax to be credited to the Assistance Fund.

Proposition AA, a legislatively referred State statute approved by the State's electorate on November 5, 2013, imposes an excise tax of 15% on the first sale or transfer of retail marijuana by a medical marijuana cultivation facility. The excise tax became effective on January 1, 2014, and can be subsequently established at a rate lower than 15% by the General Assembly and the Governor. See also "Assistance Fund Details" hereafter in this Appendix. HB 18-1070 increased the amount of revenues received annually from such excise tax credited to the Assistance Fund for Fiscal Year 2018-19 to the greater of 90% or the first $40 million of such revenues, and HB 19-1055 further increased the amount of revenues received annually from such excise tax credited to the Assistance Fund for Fiscal Years 2019-20 and thereafter to 100% of such revenues. The Act also provides that for each Fiscal Year through Fiscal Year 2018-19, the State Treasurer is to credit 12.5% of such excise tax revenues credited annually to the Assistance Fund to the Charter School Facilities Assistance Account within the Assistance Fund, and that that for each Fiscal Year thereafter, the State Treasurer is to credit to such Charter School Facilities Assistance Account a percentage of the excise tax revenues credited annually to the Assistance Fund equal to the percentage of pupil enrollment, as defined in Section 22-54-103(10), C.R.S., statewide represented by pupils who were enrolled in charter schools for the prior school year.

Marijuana Excise Tax Revenues

	Fiscal Year 2014-15	**Fiscal Year 2015-16**	**Fiscal Year 2016-17**	**Fiscal Year 2017-18**	**Fiscal Year 2018-19**
Marijuana Excise Tax	$23,949,565	$40,000,000	$40,000,000	$40,000,000	$52,648,440

Source: Colorado Department of Education

Additional Marijuana Revenues in Fiscal Year 2015-16

An additional one-time transfer of $40 million was made to the Assistance Fund in Fiscal Year 2015-16 related to Proposition BB. The passage of Proposition BB by the voters in November 2015 allowed the State to retain tax revenues on retail marijuana sales that would otherwise be subject to refund under TABOR. See "STATE FINANCIAL INFORMATION – Taxpayer's Bill of Rights – *Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA*" in the body of this Official Statement. Proposition BB specifically authorized $40 million of the retained tax revenues to be allocated to the Assistance Fund. See also "Assistance Fund Details" hereafter in this Appendix.

Matching Moneys

The Act defines "Matching Moneys" as moneys required to be paid to the State or used directly to pay a portion of the costs of a public school capital construction project by a Participating K-12 Institution as a condition of an award of financial assistance to the Participating K-12 Institution under the Program. The Assistance Board determines which percentage, if any, of the total financing for the Participating K-12 Institution's Project will constitute the required Matching Moneys for such Participating K-12 Institution. The percentage varies depending on the Participating K-12 Institution. The obligations of a Participating K-12 Institution to pay Matching Moneys to the State may be evidenced by (a) cash delivered at the time the related Certificates are delivered, (b) an obligation to pay base rent under the related Sublease subject to annual appropriation by the Participating K-12 Institution, (c) bonds issued by the Participating K-12 Institution and delivered to the State ("Matching Moneys Bonds"), (d) an obligation to pay cash installments under the related Sublease or Participation Agreement, subject to annual appropriation by the Participating K-12 Institution ("Matching Moneys Installment Payments") or (e) other types of obligations permitted by the Act and approved by the Assistance Board. At or prior to the execution and delivery of the Series 2019O Certificates, $700,000 Matching Moneys related to the Series 2019O Certificates will be credited to the Assistance Fund in the form of cash. Additional Matching Moneys obligations relating to the Series 2019O Certificates are payable to the Assistance Fund in the future as Matching Moneys Bonds in the aggregate principal amount of $68,719,943 plus an estimated $23,222,461 in interest. See "PLAN OF FINANCING – Series 2019O

Projects and Series 2019O Participating K-12 Institutions." Under the Subleases, if the Costs of a Sublessee's Project are less than the amount of the moneys that may be withdrawn from the Sublessee's Project Account and the Assistance Fund (a "cost savings"), a portion of such cost savings, as determined by the State Treasurer, may, upon the consent of the Assistance Board, be shared with the Sublessee through the return of a portion of any cash payment of Matching Moneys or forgiveness of a portion of the base rent that would otherwise be payable under the applicable Sublease or of the principal, premium, if any, and interest that would otherwise be due on the Sublessee's Matching Moneys Bonds or Matching Moneys Installment Payments that would otherwise be payable under the Sublease, as applicable.

After the execution and delivery of the Series 2019O Certificates, an aggregate principal amount of approximately $373,092,357 in future Matching Moneys Bonds or Matching Money Installment Payments relating to all Certificates will be outstanding. The related Participating K-12 Institutions with outstanding Matching Moneys Bonds have obtained voter approval for such Matching Moneys Bonds, and therefore the payment of the related Matching Moneys is not subject to annual appropriation by the Participating K-12 Institutions. The Matching Moneys Bonds constitute general obligations of the related Participating K-12 Institution, and all of the taxable property within the boundaries of such Participating K-12 Institution is subject to the levy of an ad valorem tax to pay the principal of, premium, if any, and interest on the related Matching Moneys Bonds without limitation as to rate and in an amount sufficient to pay the Matching Moneys Bonds when due. Based upon the opinion of bond counsel for the relevant Participating K-12 Institutions, the Matching Moneys Bonds may bear a supplemental coupon as part of fully funding the related Matching Money requirement if permissible under the ballot approved by voters.

Unless a Participating K-12 Institution that has Matching Moneys Bonds constituting general obligation bonds opts not to participate, Section 22-41-110, C.R.S. (the "Bond Payment Act"), is applicable to such Matching Moneys Bonds. Each of the Participating K-12 Institutions that has Matching Moneys Bonds constituting general obligation bonds has notified the State of its participation under the Bond Payment Act. Under the Bond Payment Act, if the paying agent with respect to a particular Matching Moneys Bond has not received a payment on the Matching Moneys Bond on the business day immediately prior to the date on which such payment is due, the paying agent is required to notify the State Treasurer and the Participating K-12 Institution that issued the Matching Moneys Bond. The State Treasurer is then required to contact the Participating K-12 Institution to determine whether the Participating K-12 Institution will make the payment by the date on which it is due. If the Participating K-12 Institution indicates to the State Treasurer that it will not make the payment on the Matching Moneys Bond by the date on which it is due, the State Treasurer is required to forward to the paying agent, in immediately available funds from any legally available funds of the State, the amount necessary to make the payment of the principal of and interest on the Matching Moneys Bond.

If the State Treasurer makes a payment on a Matching Moneys Bond under the Bond Payment Act, the State Treasurer is required to withhold such amount from the next succeeding payment to that school district of the State's share of the school district's required funding under Colorado's Public School Finance Act of 1994 and from property tax and specific ownership revenues collected by the county treasurer on behalf of the school district (except property taxes levied for the payment of bonds) on each occasion on which the State Treasurer makes a payment on a bond on behalf of a school district. While the withholding of such funding and property and specific ownership tax payments by the State is limited to 12 monthly payments, the Bond Payment Act does not correspondingly limit the State's contingent obligation to pay the Matching Moneys Bonds.

If the State Treasurer is required to make a payment on a Matching Moneys Bond, the State Department of Education is required to initiate an audit of the school district to determine the reason for the nonpayment of the Matching Moneys Bond and to assist the school district, if necessary, in developing and implementing measures to assure that future payments will be made when due.

The State has covenanted that it will not repeal, revoke, rescind, modify or amend the Bond Payment Act so as to limit or impair the rights and remedies granted under the Bond Payment Act. However, the Bond Payment Act provides that it is not to be deemed or construed to require the State to continue the payment of State assistance to any school district or to limit or prohibit the State from repealing, amending or modifying any law relating to the amount of State assistance to school districts or the manner of payment or the timing thereof. The Bond Payment Act further provides that it is not to be deemed or construed to create a debt of the State with respect to any Matching Moneys Bond within the meaning of any State constitutional provision or to create any liability except as specifically provided in the Bond Payment Act.

The Act currently provides that the maximum total of annual lease payments payable by the State under the Leases during any Fiscal Year under the terms of all outstanding Leases is $105 million for Fiscal Year 2019-20 and $110 million for Fiscal Years 2020-21 and thereafter. The State Treasurer may enter into Leases for which the aggregate annual lease payments of principal or interest for any Fiscal Year exceed one-half of the maximum total amount of annual lease payments only if the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund and any interest or income derived from the deposit and investment of the Matching Moneys is at least equal to the annual lease payments of principal and interest payable by the State during any Fiscal Year that exceed one-half of such maximum total amount. Aggregate Rent in connection with the Leases to be effect following the execution and delivery of the Series 2019O Certificates is not expected to reach 50% of the maximum amount stated above.

Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2019O Certificates. Once Matching Moneys payable in installments are deposited in the Assistance Fund, such amounts, together with other amounts on deposit therein, are available to be appropriated by the State to pay the Series 2019O Certificates or for other purposes, including defraying the cost of Projects.

In addition to funding Rent, amounts in the Assistance Fund are used for a variety of purposes including emergency grants, grants, operating expenses and other uses permitted by the Act.

Assistance Fund Details

The following table shows unaudited financial information relating to the Assistance Fund for the prior five Fiscal Years.

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Assistance Fund Details[1]

	As of June 30, 2015	As of June 30, 2016	As of June 30, 2017	As of June 30, 2018	As of June 30, 2019
Assets[2]	$273,726,751	$367,185,353	$387,805,807	$403,088,998	$449,299,706
Liabilities[3]	29,676,042	12,499,932	2,209,304	10,329,056	32,192,948
Fund Balance	244,050,709	354,685,421	385,596,503	392,759,942	417,106,758
Restrictions and Encumbrances[4]	(75,357,636)	(96,722,176)	(68,505,539)	151,593,529	150,618,432
Available Fund Balance[5]	168,693,073	257,963,245	317,090,964	236,358,471	266,488,326

	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017	Fiscal Year 2017-2018	Fiscal Year 2018-2019
Revenue:					
Transfers In for Grants and Construction Payments[6]	$174,722,392	$ 70,299,333	$ --	$ 8,807,361	$93,877,955
Rents and Royalties from the State Land Board	92,505,484	65,802,073	58,501,081	69,227,578	82,406,770
Lottery	1,997,456	8,070,499	2,273,562	4,117,403	14,736,143
Marijuana Excise Tax	23,949,565	40,000,000	40,000,000	40,000,000	52,648,440
Marijuana Sales Tax (Proposition BB)	--	40,000,000	--	--	--
Matching Moneys	16,790,544	16,394,960	16,395,130	17,356,738	22,315,549
Interest	2,032,658	2,646,015	4,099,368	6,343,427	8,874,910
Total Revenue	311,998,099	243,212,880	121,269,148	145,852,507	274,859,767
Expenditures:					
Grants	29,149,157	23,034,064	42,992,299	57,727,190	68,742,664
Construction Payments[6]	160,252,638	53,441,158	--	13,700,329	108,295,263
Base Rent Payments	54,484,817	54,418,487	45,873,514	65,652,050	71,714,845
Administration and Other	772,238	1,684,461	1,492,245	1,609,000	1,779,443
Total Expenditures	244,658,850	132,578,170	90,358,058	138,689,068	250,532,215
Change in Fund Balance	$ 67,339,249	$110,634,710	$ 30,911,082	$ 7,163,439	$ 68,742,664

1 This presentation is unaudited because the Assistance Fund is not statutorily authorized to publish audited financial statements. It has been prepared from the Assistance Fund's accounting records which are subject to audit as part of the State's Comprehensive Annual Financial Report audit.

2 Primarily reflects cash and year-end accrued receivables. No Certificate proceeds are reported in this balance.

3 Primarily reflects Matching Moneys on deposit from Participating K-12 Institutions and year-end accrued construction payments payable. Does not include Base Rent payments on the Certificates.

4 Primarily reflects payment obligations for approved project costs that are not financed with proceeds of the Certificates.

5 This available fund balance includes designations of cash on hand. The designation of cash on hand consists of statutory requirements for BEST emergency funds, debt obligation payments, direct deposits held, and anticipated cash distributions for the following Fiscal Year.

6 Includes Trustee payments directly to construction contractors from Certificate proceeds. The Certificate-related portion of these line items is equal and offsetting and has no effect on the Available Fund Balance of the Assistance Fund. The amounts are required to be recorded in the State's official book of record by the Assistance Fund in order to support the recording of capital assets subleased by the State Treasurer to Participating K-12 Institutions. Those capital assets collateralized the State's liability recorded pursuant to entering into the Leases with the Trustee.

Source: Colorado Department of Education

State Appropriation or Transfer from Legally Available Sources

If the amount of moneys in the Assistance Fund that is available to pay lease payments under the Leases will be insufficient to cover the full amount of the lease payments required by the Leases, the Act provides that the General Assembly may appropriate or transfer from any legally available source to the Assistance Fund sufficient moneys to make the lease payments. ***However, the General Assembly is not obligated to appropriate or transfer moneys for such purpose and the decision whether or not to appropriate any such amount for such purpose will be in the General Assembly's sole discretion. See "APPENDIX E – THE STATE GENERAL FUND."***

Future Changes in Laws

Various State laws, including the Act, apply to the priority and allocation of Public School Lands Income, availability of funds for appropriation by the State and other operations of the State. There is no assurance that there will not be any change in interpretation of, or addition to the applicable laws, provisions and regulations which would have a material effect, directly or indirectly, on the affairs of the State or amounts deposited in the Assistance Fund.

* * *

APPENDIX H

LEASED PROPERTY RELATING TO THE PRIOR CERTIFICATES[1]

The following table describes the Leased Property subject to the Leases between the Trustee and the respective Participating K-12 Institutions relating to the Certificates to be outstanding upon the execution and delivery of the Series 2019O Certificates.

Participating K-12 Institutions	Description of Leased Property	Land
Series 2009A Certificates		
Alamosa School District No. Re-11J	Two elementary schools (144,688 sq. ft. w/ 72 classrooms)[2]	26.6-acre parcel of undeveloped land valued at $226,000
Sangre de Cristo School District Re-22J	One K-12 school (81,000 sq. ft. w/ 24 classrooms)[2]	40-acre parcel of agricultural land valued at $32,667
Sargent Re-33J	One junior/senior high school (62,463 sq. ft. w/ 18 classrooms)[2,3]	1.2-acre parcel valued at $6,656
Series 2010B-C Certificates *(The Series 2010B Certificates were refunded and defeased by the Series 2018L Certificates, and the Series 2010C Certificates have been paid in full)*		
Alta Vista Charter School, Inc.	Addition to K-8 school[2] (18,000 sq. ft. plus renovations)	7.4-acre parcel valued at $37,634
Colorado School for the Deaf and Blind	Historical building renovation[2] (6,000 sq. ft. addition w/7 classrooms)	0.6-acre parcel valued at $55,756
Delta County Joint School District 50	Existing elementary school[2]	10.5-acre parcel valued at $60,000
Douglas County School District, Re1	Existing administrative building[2]	2.1-acre parcel valued at $283,484
El Paso County School District No. 8	Existing activity center building[2]	4.1-acre parcel valued at $78,000
Miami Yoder School District JT-60	Phase II of new PK-12 school (64,974 sq. ft.)[2]	2-acre parcel valued at $1,300
Park County School District Re-2	New PK-12 campus (125,000 sq. ft. w/ 40 classrooms)[2]	9.8-acre parcel valued at $657,416
San Juan County School District No. 1	Renovate historical K-12 school (21,500 sq. ft. bldg. and 10,000 sq. ft. gym)[2]	1.1-acre parcel valued at $1,108,600
Swink School District No. 33	Elementary school classroom addition (5,800 sq. ft. w/ 6 classrooms)[2]	0.3-acre parcel valued at $230
Series 2010D-F Certificates *(The Series 2010E Certificates were refunded and defeased by the Series 2018M Certificates, and the Series 2010F Certificates have been paid in full)*		
Akron School District No. R-1	PK-12 school (108,700 sq. ft. w/ 32 classrooms)[2]	5.14-acre parcel of land valued at $125,300
Center Joint Consolidated School District No. 26	K-12 school (105,000 sq. ft. w/ 60 classrooms)[2]	14.3-acre parcel of land valued at $39,341
Holly School District RE-3	PK-12 school (73,631 sq. ft. w/ 42 classrooms)[2]	23.0-acre parcel of land valued at $51,354
Lake George Charter School	PK-6 school (21,000 sq. ft. w/ 12 classrooms)[2]	10.0-acre parcel of land valued at $100,000
Mapleton School District	Partial campus improvements (404,250 sq. ft. w/ 121 classrooms affected)[2]	34.8-acre parcel of land valued at $695,000
Monte Vista Consolidated School District No. 8	High school and elementary school (128,531 sq. ft. w/ 56 classrooms)[2]	8.8-acre parcel of land valued at $504,733
North Routt Community Charter School	K-8 school (12,241 sq. ft. w/ 6 classrooms)[2,3]	8.0-acre parcel of land valued at $60,000[(3)]
Salida School District R-32-J	High school (98,190 sq. ft. w/22 classrooms)[2]	14.5-acre parcel of land valued at $453,370

Participating K-12 Institutions	Description of Leased Property	Land
Vista Charter School	Grades 6-8 school (16,835 sq. ft. w/ 9 classrooms)[2]	2.3-acre parcel of land valued at $595,000
Series 2011G Certificates	*(The Series 2011G Certificates were refunded and defeased by the Series 2017K Certificates)*	
Big Sandy School District	New PK-12 school (83,412 sq. ft. w/ 34 classrooms)[2]	33.9-acre parcel of land valued at $55,000
Eagle County Charter Academy	K-8 school (45,000 sq. ft. w/ 26 classrooms)[2]	6.001-acre parcel of land valued at $304,550
Ellicott School District	Middle school (74,466 sq. ft. w/ 27 classrooms)[2]	8.61-acre parcel of land valued at $10,501
Englewood School District	High school (97,800 sq. ft. w/ 30 classrooms)[2]	12.68-acre parcel of land valued at $1,601,788
Horizons School	K-8 charter school addition (37,725 sq. ft. w/ 10 classrooms)[2,3]	1.045-acre parcel of land valued at $133,266
Idalia School District	PK-12 gym[2,3]	1.91-acre parcel of land valued at $291
Ignacio School District	Cafeteria, stage and kitchen addition[2]	0.484-acre parcel of land valued at $21,054
Prairie School District	PK-12 school (57,764 sq. ft. w/ 20 classrooms)[2,3]	24.394-acre parcel of land valued at $2,486
Sanford School District	Bus barn and building[2]	2.685-acre parcel of land valued at $2,658
Series 2012H Certificates		
Elbert School District No. 200	PK-12 school 73,869 sq. ft. w/ 25 classrooms[2]	10.1-acre parcel of land valued at $46,739
Genoa-Hugo School District No. C-113	South wing of PK-12 school 37,902 sq. ft.[2]	8.66-acre parcel of land valued at $6,381
Greeley School District No. 6	Middle school 103,267 sq. ft. w/ 36 classrooms[2]	20.0-acre parcel of land valued at $3,386
Hi-Plains School District No. R-23	PK-12 school 51, 268 sq. ft. w/ 20 classrooms[2]	40-acre parcel of land valued at $34,000
Lake County School District No. R-1	High school addition 38,000 sq. ft. w/ 15 classrooms[2,4]	2.09-acre parcel of land valued at $21,326
Montezuma-Cortez School District No. RE1	High school 162,500 sq. ft. w/ 25 classrooms[2]	35.47-acre parcel of land valued at $600,000
Otis School District No. R-3	PK-12 school 67,764 sq. ft. w/ 21 classrooms[2]	13.45-acre parcel of land valued at $62,852
Platte Valley School District No. RE3	Gym and weight room 19,273 sq. ft.[2]	0.98-acre parcel of land valued at $2,421
Sheridan School District No. 2	Early childhood center[2,3] 129,927 sq. ft. w/ 49 classrooms	14.045-acre parcel of land valued at $1,774,220
Series 2013I Certificates		
Creede School District	K-12 school replacement 37,277 sq. ft. w/ 15 classrooms[2]	15.01-acre parcel of land valued at $300,000
Haxtun School District RE-2J	K-12 renovation and addition 86,753 sq. ft. w/ 23 classrooms[2]	7.91-acre parcel of land valued at $1,091
Kim Reorganized School District No. 88	Renovation and addition to PK-12 school 31,987 sq. ft. w/ 11 classrooms[2]	2.14-acre parcel of land valued at $47,308

Limon School District No. RE 4J	New PK-12 school and gym renovation 118,000 sq. ft. w/ 40 classrooms[2]	7.06-acre parcel of land valued at $7,345
Moffat School District No. 2	PK-12 school replacement 49,644 sq. ft. w/ 21 classrooms[2]	14.35-acre parcel of land valued at $7,941
South Conejos School District No. RE-10	PK-12 school replacement 63,583 sq. ft. w/ 19 classrooms[2]	22.89-acre parcel of land valued at $8,275
2015 Supplemental Indenture[5]		
Morgan County School District Re-3	New middle school[2]	11.89 acres valued at $58,682
Series 2017J Certificates		
Brush School District RE-2J	Middle school replacement and high school renovation 171,211 sq. ft. w/ 56 classrooms	41.14-acre parcel of land valued at $440,270
Del Norte School District C-7	New K-12 school 110,000 sq. ft. w/ 45 classrooms	43.13-acre parcel of land valued at $14,495
Mancos School District RE-6	K-12 school renovations 152,000 sq. ft. w/ 6 classrooms	6.208-acre parcel of land valued at $37,570
Mountain Valley School District RE-1	New PK-12 school 59,206 sq. ft. w/ 25 classrooms	10.51-acre parcel of land valued at $38,825
Series 2017K Certificates	*(See Series 2011G Certificates above)*	
Series 2018L Certificates	*(See Series 2010B-C Certificates above)*	
Series 2018M Certificates	*(See Series 2010D-F Certificates above)*	
Series 2018N Certificates		
Adams County School District 14	New PK-5 elementary school replacement 76,280 sq. ft. w/ 38 classrooms	
Buena Vista School District R-31	New middle school and high school and gym and building renovations 134,128 sq. ft. w/ 47 classrooms	
Canon City School District RE-1	New elementary school 46,994 sq. ft. w/ 15 classrooms	
Hayden School District RE-1	New middle school and high school plus renovation of elementary school 136,962 sq. ft. w/ 38 classrooms	
Kit Carson School District R-1	New PK-12 school 48,000 sq. ft. w/ 18 classrooms	
Mapleton School District 1	New 4-8 school 45,980 sq. ft. w/ 20 classrooms	
Swallows Charter Academy	Addition to K-12 school 45,755 sq. ft. w/ 27 classrooms	
Wray School District RD-2	New middle school as addition to existing elementary school and high school 150,800 sq. ft. w/5 7 classrooms	
Series 2019O Certificates	*(See "PLAN OF FINANCING – The Series 2019O Projects and Series 2019O Participating K-12 Institutions" and "SECURITY AND SOURCES OF PAYMENT – The Leased Property – The 2019O Leased Property.")*	

[Table notes on next page]

1 The Leased Property shown on this list, or any portion thereof, may be released and other property substituted therefor as described in "SECURITY AND SOURCE OF PAYMENT – The Leased Property – *Substitution of Leased Property*." In some cases, the Leased Property is comprised of existing facilities which were not wholly or partially financed with the proceeds of the Certificates.

2 These Projects have been cleared for occupancy and are currently in operation. Remaining Projects in this table have not been cleared for occupancy and are being funded from amounts remaining in the related Project Accounts and, in some cases, Matching Moneys that may be withdrawn from the Assistance Fund to pay Project costs.

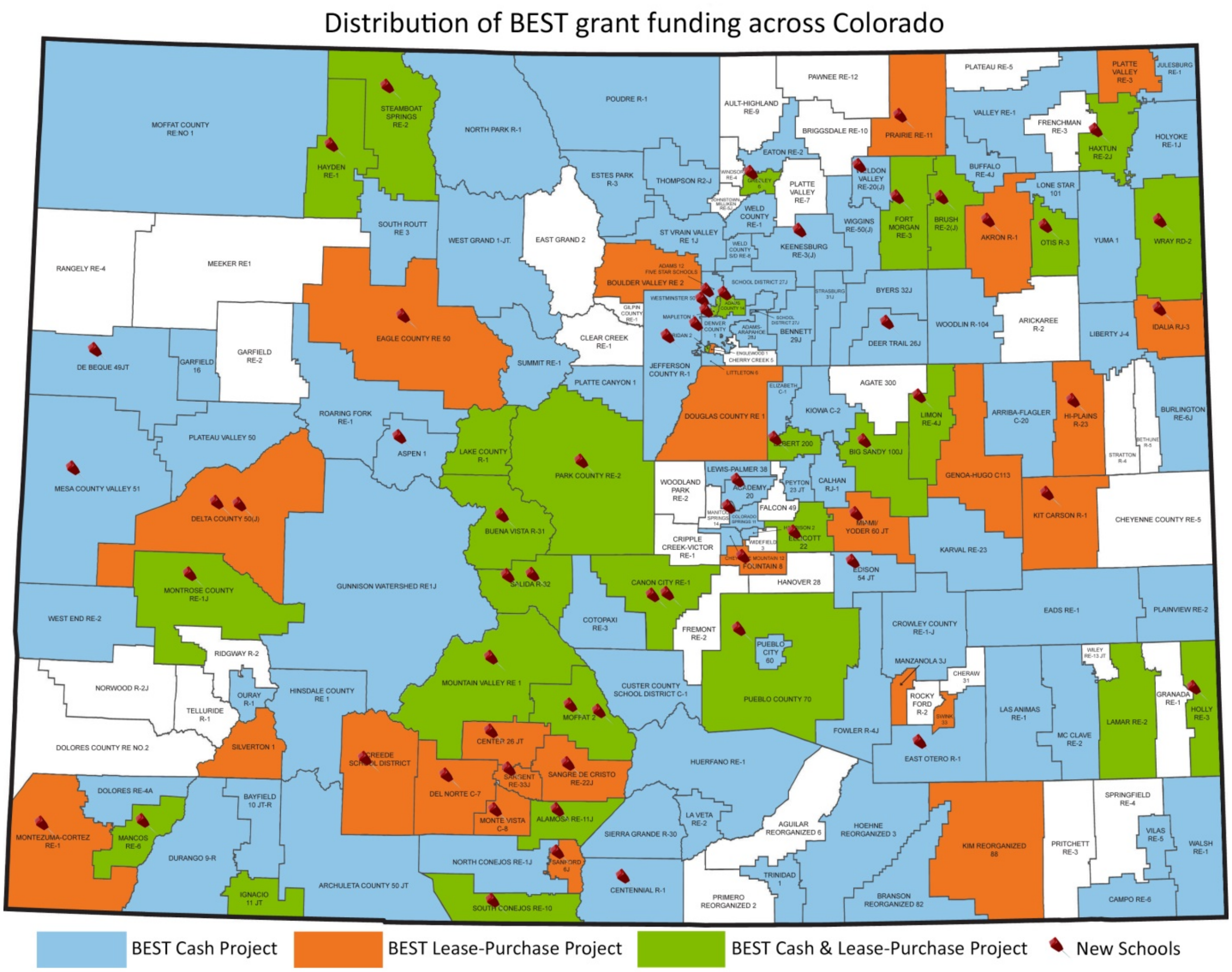
3 Restricted by deed to educational purposes. Accordingly, the ability of the Trustee to lease such Leased Property to third parties upon the occurrence of an Event of Nonappropriation or an Event of Default and subsequent vacating of such property will be limited to lessee's desiring to use the property for educational purposes. See "CERTAIN RISK FACTORS – Effect of a Nonrenewal of a Lease."

4 Upon the failure of the Rocky Mountain Deaf School to satisfy certain contractual obligations, the State Board reallocated funds originally designated to such school to the Lake County School District to fund another qualified project.

5 The 2015 Supplemental Indenture funded one Project using unexpended State Expense Funds from several Series of Certificates.

Source: Colorado Department of Education

The following map shows the geographic distribution of the BEST projects in the State prior to the Series 2019O Projects.



Source: Colorado Department of Education

APPENDIX I

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc. to give prospective investors general information concerning selected economic and demographic conditions existing in Colorado as of the dates indicated. See also "INTRODUCTION – State Economic and Demographic Information." The statistics have been obtained from the referenced sources and represent the most current information available as of May 2019 from the sources indicated; however, since certain information is released with a significant time lag, the information in some cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the State or any officer or employee of or advisor to the State*. See also "APPENDIX E – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST."

Overview

Colorado, the most populous state in the Rocky Mountain region, has three distinct geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open and largely devoted to agriculture. The Front Range lies along the eastern base of the Rocky Mountains and contains most of the State's metropolitan areas. The western half of the State – which includes the Rocky Mountains and the Western Slope – includes many acres of national park and forest land and significant reserves of minerals, natural gas and other resources.

The State's population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State's capital, is the economic center of the State and the Rocky Mountain region. About 56% of the State's population and 62% of its jobs are located in the Denver/Boulder metropolitan area, which is a hub for transportation, communication, financial activities and professional and business services. The aerospace, bioscience and energy industries are also key contributors to economic growth in the Denver/Boulder metropolitan area and the State as a whole.

The State's economic performance depends heavily on economic performance at the national level. See also "APPENDIX E – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts" and "APPENDIX F – OSPB SEPTEMBER 2019 REVENUE FORECAST."

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Population and Age Distribution

The following table provides population figures for Colorado and the United States for the past 10 years.

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	% Change	Population (millions)	% Change
2008	4.9	1.7%	304.0	0.9%
2009	5.0	1.5%	306.7	0.9%
2010	5.1	1.5%	309.3	0.9%
2011	5.1	1.4%	311.6	0.7%
2012	5.2	1.4%	313.9	0.7%
2013	5.3	1.5%	316.1	0.7%
2014	5.3	1.5%	318.4	0.7%
2015	5.4	1.9%	320.7	0.7%
2016	5.5	1.6%	323.1	0.7%
2017	5.6	1.4%	325.1	0.6%
2018	5.7	1.4%	327.2	0.6%

Note: Figures for 2008 through 2017 are estimates. The U.S. 2018 count is an estimate, and the 2016 count for Colorado is a forecast.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

The following table provides the age distribution for the most recent year available for the State's population and the population nationwide.

Age Distribution, July 1

	Colorado, 2018		United States, 2017	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.27	22.2%	73.66	22.6%
18 to 24	0.55	9.8%	30.62	9.4%
25 to 44	1.63	28.6%	86.22	26.5%
45 to 64	1.43	25.2%	84.37	25.9%
65+	0.81	14.2%	50.86	15.6%
Total	5.69	100.0%	325.72	100.0%
Median Age	37.4		39.4	

Note: Totals may not add due to rounding. The U.S. 2017 count is an estimate, and the Colorado 2018 count is a forecast.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

Income

The following table provides annual per capita personal income figures for Colorado, the Rocky Mountain Region, and the United States.

Per Capita Personal Income in Current Dollars[1]

	Colorado		Rocky Mountain Region[2]		United States	
	Income	% Change	Income	% Change	Income	% Change
2013	$47,236		$42,669		$44,851	
2014	$50,662	7.3%	$45,268	6.1%	$47,060	4.9%
2015	$52,116	2.9%	$47,000	3.8%	$48,985	4.1%
2016	$52,269	0.3%	$47,451	1.0%	$49,883	1.8%
2017	$54,561	4.4%	$49,207	3.7%	$51,731	3.7%
2018	$56,846	4.2%	$51,226	4.1%	$53,712	3.8%

[1] Per capita personal income is total personal income divided by the July 1 population estimate.

[2] The Rocky Mountain Region includes Colorado, Idaho, Montana, Utah, and Wyoming.

Source: U.S. Bureau of Economic Analysis

Employment

The following table provides labor force, total employment, and unemployment statistics for the State.

Civilian Labor Force, Total Employment, and Unemployment Rates, Not Seasonally Adjusted

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands)[1]	% Change	Annual Average Unemployment Rate: Colorado	Annual Average Unemployment Rate: United States
2014	2,802.5		2,662.4		5.0%	6.2%
2015	2,828.9	0.9%	2,719.5	2.1%	3.9%	5.3%
2016	2,896.8	2.4%	2,803.4	3.1%	3.2%	4.9%
2017	2,992.4	3.3%	2,911.1	3.8%	2.7%	4.4%
2018	3,096.4	3.5%	2,994.8	2.9%	3.3%	3.9%
Year-to-date averages through March:						
2018	3,045.7		2,949.1		3.2%	4.3%
2019	3,125.1	2.6%	3,013.0	2.2%	3.6%	4.1%

[1] Includes the self-employed, unpaid family workers, and other groups not included in statistics that show employment by industry.

Sources: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics; Labor Force Statistics from the Current Population Survey.

The following table shows Colorado employment by industry for the past five years. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Annual Number of Employees by Industry

Industry	2014	2015	2016	2017	2018	Most Recent Quarter: 2018Q3	Most Recent Quarter: 2018Q4	% Change
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	14,935	15,624	16,469	17,598	18,131	19,541	17,734	-9.2%
Mining	33,847	30,565	23,573	25,578	28,200	28,497	28,746	0.9%
Utilities	8,140	8,202	8,239	8,079	8,030	8,045	8,039	-0.1%
Construction	142,140	148,638	155,139	163,452	173,063	177,957	175,819	-1.2%
Manufacturing	136,216	140,831	142,381	144,064	147,270	148,068	148,218	0.1%
Wholesale Trade	99,825	103,253	104,882	106,726	108,257	108,908	109,218	0.3%
Retail Trade	254,942	263,104	269,032	270,783	272,644	273,048	277,953	1.8%
Transportation and Warehousing	65,180	67,287	68,327	72,554	77,469	77,023	82,031	6.5%
Information	70,001	70,599	71,730	71,643	74,992	75,225	75,371	0.2%
Finance and Insurance	103,623	106,344	108,970	111,293	112,624	112,926	112,990	0.1%
Real Estate and Rental and Leasing	44,497	46,944	48,707	50,566	52,152	52,618	52,772	0.3%
Professional and Technical Services	196,684	204,586	210,093	215,783	224,620	225,808	229,479	1.6%
Management of Companies and Enterprises	35,406	36,488	36,833	39,018	40,839	41,274	41,625	0.9%
Administrative and Waste Services	154,121	157,385	158,535	158,041	158,512	164,554	159,162	-3.3%
Educational Services	32,965	33,847	34,992	35,375	36,694	36,025	37,360	3.7%
Health Care and Social Assistance	261,428	275,183	287,168	291,299	298,559	298,537	301,122	0.9%
Arts, Entertainment, and Recreation	48,978	50,707	52,625	55,407	56,848	57,862	54,654	-5.5%
Accommodation and Food Services	251,052	261,704	270,673	277,613	282,491	290,636	280,111	-3.6%
Other Services	72,443	75,157	78,231	82,201	82,029	83,437	82,572	-1.0%
Unclassified	2,783	1,478	759	180	1,886	2,154	3,697	71.6%
Government	388,566	396,853	405,690	412,002	418,297	413,959	422,772	2.1%
Total*	**2,417,769**	**2,494,777**	**2,553,045**	**2,609,255**	**2,673,605**	**2,696,101**	**2,701,446**	**0.2%**

* Industry employment levels may not add to total due to rounding.

Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages.

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The following table shows the largest private sector employers in Colorado based on the most current information available as of May 2019. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the state. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	27,200
UCHealth	Healthcare, Research	23,500
The Kroger Co. (King Soopers/City Market)	Supermarkets	22,500
Centura Health	Healthcare	13,000
HealthONE Corporation	Healthcare	11,900
Lockheed Martin Corporation	Aerospace & Defense Related Systems	8,900
SCL Health System	Healthcare	8,700
Comcast	Telecommunications	8,600
Home Depot	Building Materials Retailer	8,400
CenturyLink	Telecommunications	7,800
Target Corporation	General Merchandise	7,600
Safeway Inc.	Supermarkets	7,300
Children's Hospital Colorado	Healthcare	7,200
Kaiser Permanente	Health Maintenance Organization	7,100
Amazon	Warehousing & Distribution Services	6,700
Vail Resorts	Leisure & Hospitality	6,600
United Airlines	Airline	6,100
United Parcel Service	Delivery Services	5,400
Wells Fargo	Banking/Financial Services	5,400
Banner Health	Healthcare	5,100
Oracle	Software & Network Computer Systems	4,600
JBS Swift & Company	Beef Processing/Corporate Office	4,600
FedEx Corp.	Transportation, E-commerce	4,500
Charles Schwab	Financial Services	4,400
Lowe's Companies, Inc.	Building Materials Retailer	4,300

[1] Includes both full-time and part-time employees.

[2] Some workers are also included in the employment count for the University of Colorado System (next table).

Source: Compiled by Development Research Partners from various sources, May 2019.

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The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2019.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	55,500
Federal Government (except USPS)	42,500
University of Colorado System	23,000
Denver Public Schools	15,600
City & County of Denver	12,400
Jefferson County Public Schools	11,400
U.S. Postal Service	10,300
Douglas County School District RE-1	8,500
Cherry Creek School District 5	7,700
Colorado State University	7,600
Denver Health	7,200
Aurora Public Schools	6,000
Adams 12 Five Star Schools	4,800
Boulder Valley School District RE-2	4,300
Poudre School District R-1	4,100
St. Vrain Valley School District RE-1J	4,000
City of Aurora	4,000
Colorado Springs School District 11	3,900
Academy Schools District 20	3,600
Jefferson County	3,400
Mesa County Valley School District 51	2,900
Regional Transportation District (RTD)	2,900
El Paso County	2,800
Greeley-Evans School District 6	2,600
Arapahoe County	2,600

[1] Includes both full-time and part-time employees.

[2] Some workers are also included in the employment count for UCHealth (previous table).

Source: Compiled by Development Research Partners from various sources, May 2019.

Retail Sales

The following table provides recent annual sales figures as reported for state sales tax purposes.

Colorado Sales and Use Tax Net Collections
Fiscal Years 2014 to 2018

	Sales Tax		Consumer Use Tax		Retailer Use Tax	
	Amount (thousands)	% Change	Amount (thousands)	% Change	Amount (thousands)	% Change
2014	$2,371,992	8.4%	$116,268	5.5%	$125,209	4.9%
2015	$2,561,913	8.0%	$123,175	5.9%	$132,685	6.0%
2016	$2,596,355	1.3%	$111,227	-9.7%	$132,591	-0.1%
2017	$2,719,778	4.8%	$109,037	-2.0%	$149,567	12.8%
2018	$2,906,717	6.9%	$121,158	11.1%	$184,034	23.0%

Source: Colorado Department of Revenue.

The following table provides retail sales totals by industry for the State for the most recent five years and year-to-date available. Retail sales data is only available through February 2016 as the Colorado Department of Revenue is currently experiencing a system problem that prevents the Retail Sales Reports from being produced.

Colorado Retail Sales by Industry (millions) and Percentage Change from Prior Year

											Year-to-date totals through February		
Industry	**2011**	**% Change**	**2012**	**% Change**	**2013**	**% Change**	**2014**	**% Change**	**2015**	**% Change**	**2015**	**2016**	**% Change**
Agriculture/Forestry/Fishing	411.7	22.4%	406.2	-1.3%	387.0	-4.7%	440.5	13.8%	500.6	13.6%	27.7	25.5	-8.0%
Mining	3,111.7	22.9%	3,815.6	22.6%	4,611.8	20.9%	5,573.0	20.8%	3,743.4	-32.8%	709.9	348.8	-50.9%
Utilities	7,353.2	-29.1%	7,332.9	-0.3%	7,635.7	4.1%	7,929.0	3.8%	7,612.1	-4.0%	1,453.1	1,340.5	-7.8%
Construction	2,829.3	2.6%	3,396.0	20.0%	3,531.5	4.0%	4,170.5	18.1%	4,685.8	12.4%	530.4	525.2	-1.0%
Manufacturing	15,909.3	52.6%	18,192.1	14.3%	18,747.5	3.1%	19,782.9	5.5%	15,864.8	-19.8%	2,204.8	1,807.1	-18.0%
Wholesale Trade	13,084.9	5.3%	14,012.4	7.1%	15,041.3	7.3%	15,158.8	0.8%	14,427.2	-4.8%	1,725.4	1,769.3	2.5%
Retail Trade													
Motor Vehicle and Auto Parts	12,986.8	15.0%	14,435.4	11.2%	15,667.7	8.5%	17,449.0	11.4%	18,995.4	8.9%	2,696.1	2,739.5	1.6%
Furniture and Furnishings	2,049.0	7.8%	2,265.5	10.6%	2,461.8	8.7%	2,653.3	7.8%	2,868.8	8.1%	396.6	436.5	10.1%
Electronics and Appliances	2,224.2	5.0%	2,077.8	-6.6%	1,998.6	-3.8%	2,258.5	13.0%	2,387.6	5.7%	323.1	326.8	1.1%
Building Materials/Nurseries	4,515.0	2.9%	4,824.6	6.9%	5,298.3	9.8%	5,926.0	11.8%	6,373.2	7.5%	776.8	824.8	6.2%
Food/Beverage Stores	14,433.2	8.0%	15,298.5	6.0%	15,729.9	2.8%	15,964.5	1.5%	16,619.2	4.1%	2,878.8	2,441.1	-15.2%
Health and Personal Care	2,712.1	7.2%	2,886.9	6.4%	3,166.1	9.7%	3,730.3	17.8%	4,384.1	17.5%	576.8	665.4	15.4%
Gas Stations	5,778.1	23.1%	6,011.1	4.0%	5,869.2	-2.4%	5,702.2	-2.8%	4,815.3	-15.6%	609.0	570.6	-6.3%
Clothing and Accessories	3,337.4	7.0%	3,510.2	5.2%	3,559.2	1.4%	3,735.3	4.9%	3,810.6	2.0%	493.3	491.9	-0.3%
Sporting/Hobby/Books/Music	2,680.6	7.8%	2,674.0	-0.2%	2,767.7	3.5%	2,920.2	5.5%	3,009.1	3.0%	430.0	472.7	9.9%
General Merchandise/Warehous	11,722.3	5.7%	12,185.7	4.0%	12,408.3	1.8%	12,850.3	3.6%	13,073.8	1.7%	1,840.2	1,859.4	1.0%
Misc Store Retailers	2,938.6	20.0%	3,147.8	7.1%	3,752.3	19.2%	4,760.9	26.9%	5,256.5	10.4%	730.3	660.8	-9.5%
Non-Store Retailers	1,550.2	-33.7%	1,456.0	-6.1%	1,584.7	8.8%	1,697.1	7.1%	1,742.1	2.7%	247.9	234.5	-5.4%
Total Retail Trade	**66,927.7**	**5.6%**	**70,773.7**	**5.7%**	**74,263.5**	**4.9%**	**79,647.7**	7.3%	**83,335.5**	4.6%	**11,999.1**	**11,724.0**	**-2.3%**
Transportation/Warehouse	593.1	12.1%	710.2	19.8%	828.4	16.6%	978.3	18.1%	931.3	-4.8%	103.5	119.5	15.4%
Information	6,321.8	-8.2%	6,242.2	-1.3%	5,789.3	-7.3%	5,449.8	-5.9%	5,413.0	-0.7%	806.2	758.7	-5.9%
Finance/Insurance	3,085.9	-3.8%	3,130.7	1.5%	2,493.2	-20.4%	1,689.9	-32.2%	2,668.7	57.9%	166.1	390.6	135.1%
Real Estate/Rental/Lease	3,154.3	8.2%	3,240.7	2.7%	3,561.7	9.9%	4,172.9	17.2%	4,389.0	5.2%	700.1	702.8	0.4%
Professional/Scientific/Technical	6,768.8	3.3%	6,818.2	0.7%	7,474.7	9.6%	6,966.6	-6.8%	6,929.3	-0.5%	784.0	705.7	-10.0%
Admin/Support/Waste/Remediatio	1,882.7	3.3%	1,866.1	-0.9%	2,044.5	9.6%	2,070.8	1.3%	2,245.9	8.5%	234.7	247.9	5.6%
Education	487.1	1.5%	490.8	0.8%	478.1	-2.6%	481.6	0.7%	490.5	1.9%	62.6	60.8	-2.9%
Health Care/Social Assistance	6,222.6	3.7%	6,318.5	1.5%	6,827.2	8.1%	7,240.1	6.0%	6,896.1	-4.8%	1,099.5	902.8	-17.9%
Arts/Entertainment/Recreation	987.2	3.3%	1,036.6	5.0%	1,104.4	6.5%	1,169.9	5.9%	1,337.8	14.4%	184.4	206.2	11.8%
Accommodation	3,014.9	10.9%	3,199.2	6.1%	3,375.6	5.5%	3,747.8	11.0%	4,043.4	7.9%	629.9	653.3	3.7%
Food/Drinking Services	8,876.4	6.5%	9,474.1	6.7%	9,976.8	5.3%	10,858.9	8.8%	11,615.6	7.0%	1,785.0	1,902.3	6.6%
Other Services	3,763.6	5.5%	3,867.8	2.8%	4,359.0	12.7%	4,926.4	13.0%	5,441.9	10.5%	699.6	726.7	3.9%
Government	268.2	2.2%	244.5	-8.8%	252.6	3.3%	254.8	0.8%	273.4	7.3%	38.4	39.6	3.0%
Total All Industries	**155,054.2**	**8.0%**	**164,568.4**	**6.1%**	**172,784.0**	**5.0%**	**182,710.0**	5.7%	**182,845.3**	0.1%	**25,944.3**	**24,957.1**	**-3.8%**

Source: Colorado Department of Revenue

Tourism

The following table provides visitor counts for the State's national parks and major recreation areas, Denver area convention attendance figures, and visitor counts for Colorado ski areas.

Colorado Tourism Statistics

	National Parks Visits[1]		Conventions[2]						Skier Visits[3]	
			Conventions		*Delegates*		*Spending*			
	Number (millions)	**% Change**	**Number**	**% Change**	**Number (thousands)**	**% Change**	**Amount (millions)**	**% Change**	**Number (millions)**	**% Change**
2014	6.03		76		289.3		$576.3		12.60	
2015	7.08	17.3%	73	-3.9%	236.8	-18.1%	$546.6	-5.2%	12.54	-0.5%
2016	7.46	5.4%	66	-9.6%	242.7	2.5%	$543.4	-0.6%	13.39	6.8%
2017	7.61	2.0%	84	27.3%	235.6	-2.9%	$518.6	-4.6%	13.12	-2.0%
2018	7.67	0.9%	67	-20.2%	269.4	14.4%	$560.6	8.1%	12.81	-2.4%

[1] Count of recreational visitors for all of the State's National Parks Service territories, which include national parks, monuments, historic sites, and recreation areas.

[2] Includes only those conventions booked by VISIT DENVER and held at the Colorado Convention Center.

[3] Count of skier visits for the season ending in the referenced year.

Sources: National Parks Service; VISIT DENVER, The Convention and Visitor's Bureau; Colorado Ski Country USA; Vail Resorts, Inc.

Residential Housing Starts

The following table provides a five-year history of the State's residential building permit issuance.

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	2 Units	3 & 4 Units	5+ Units	Total Building Permits	% Change
2014	17,104	532	146	10,916	28,698	4.3%
2015	20,025	334	287	11,225	31,871	11.1%
2016	21,577	556	242	16,599	38,974	22.3%
2017	24,338	344	415	15,576	40,673	4.4%
2018	29,061	452	520	15,448	45,481	11.8%
Year-to-date totals through April:						
2018	10,011	52	131	6,330	16,524	
2019	7,754	136	243	4,339	12,472	
% change	*-22.5%*	*161.5%*	*85.5%*	*-31.5%*	*-24.5%*	

Source: U.S. Census Bureau.

Residential Foreclosures

The following table provides a five-year history of foreclosure filings and sales in Colorado. The foreclosure filing is the event that begins the foreclosure process. In general, a borrower who is at least three months delinquent will receive a filing notice from the Public Trustee for the county in which the property is located. At this point, the property is in foreclosure.

Because a foreclosure filing can be cured or withdrawn before the home is sold at auction, not all filings result in foreclosure sales. Foreclosure sales at auction generally proceed between 110 and 125 days after the initial filing. Once a foreclosure sale is completed, the eviction process begins.

Foreclosure Filings and Sales in Colorado

	Foreclosure Filings[1]	% Change	Foreclosure Sales at Auction	% Change
2014	11,235	-26.7%	6,003	-35.6%
2015	8,241	-26.6%	4,209	-29.9%
2016	7,666	-7.0%	3,128	-25.7%
2017	6,680	-12.9%	2,100	-32.9%
2018	5,884	-11.9%	1,461	-30.4%

[1] Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.

Source: Colorado Division of Housing

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APPENDIX J

STATE PENSION SYSTEM

The information included in this Appendix is based on information compiled and presented in the Public Employees' Retirement Association ("PERA") Comprehensive Annual Financial Report for the Plan Year ended December 31, 2018 (the "PERA 2018 CAFR"). The PERA 2018 CAFR was prepared by PERA staff employees and the firm of Segal Consulting, PERA's independent actuary, and audited by CliftonLarsonAllen LLP, PERA's independent public accounting firm. The valuations and other assessments of PERA constitute forward looking information as described in the preliminary notices in this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuations and assessments may prove to be inaccurate and may be changed by PERA and its representatives and consultants to reflect actual results and future projections as additional information becomes available. The State takes no responsibility for the accuracy, validity or completeness of such information, valuations and assessments. The PERA 2018 CAFR is not incorporated in this Official Statement by reference or otherwise, and the State makes no representations regarding the accuracy of the information in the PERA 2018 CAFR.

The information regarding PERA presented in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement is derived from the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2017, while the information regarding PERA presented in the State's Fiscal Year 2018-19 Unaudited BFS appended to this Official Statement and in this Official Statement is derived from the PERA 2018 CAFR.

General Description

Overview. The State of Colorado, like most other state and local governments, provides post-employment benefits to its employees based on their work tenure and earnings history. By statute, the State created PERA, which administers cost-sharing, multiple-employer defined benefit plans to provide retirement, death and disability benefits through the State Division Trust Fund (generally for State employees) (the "State Division"), the School Division Trust Fund (for employees of school districts), the Local Government Division Trust Fund (for employees of numerous municipalities and other local governmental entities), the Judicial Division Trust Fund (for judges in the State) and the Denver Public Schools Division (for employees of DPS). The defined benefit plan for the State Division is referred to herein as the "State Division Plan."

As described in more detail under the caption "Funding of the State Division Plan" below, the State Division Plan is funded with payments made by the State and by each employee the amounts of which are determined and established by statute. Benefits provided through the State Division Plan are paid from the State Division Trust Fund. State employees hired after 2005 may, in lieu of participating in the State Division Plan, elect to participate in a defined contribution plan (the "State Division DC Plan") which is also administered by PERA. However, the majority of State employees participate in the State Division Plan. The State has no obligation to make contributions or fund benefits in Divisions other than the State Division and Judicial Division of PERA. See Notes 1 and 8 to the financial statements in the PERA 2018 CAFR for a discussion of the membership in the State Division Plan and the State Division DC Plan, respectively. See also Management's Discussion and Analysis in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, as well Notes 6-8 to the financial statements in the State's Fiscal Year 2017-18 CAFR and Unaudited Fiscal Year 2018-19 BFS appended to this Official Statement for a description of the State Division Plan and the State Division DC Plan.

Because the majority of State employees participate in the State Division Plan and not in the State Division DC Plan, and the number of judges employed by the State that participate in the Judicial Division is relatively small in comparison to the number of other State employees, the disclosure in "DEBT AND

CERTAIN OTHER FINANCIAL OBLIGATIONS – Pension and Other Post-Employment Benefits" in the body of this Official Statement and in this Appendix relates only to the State Division Plan.

The State does not participate in the federal Old-Age, Survivors and Disability Insurance (Social Security) program.

PERA. PERA is a legal entity created by statute in 1931 that is separate from the State as further described in Article 51 of Title 24, C.R.S. (the "PERA Act"). Management of PERA is vested in a 16-member Board of Trustees (the "PERA Board"). PERA has fiduciary responsibility for several separate divisions, including the State Division, the School Division, the Local Government Division, the Judicial Division and the Denver Public Schools Division. The State represents the majority, but not all, of the State Division employers and employees. Each Division operates as a separate legal trust. PERA also operates two cost-sharing, multiple-employer post-employment benefit plans through the Health Care Trust Fund and the Denver Public Schools Health Care Trust Fund that provide health care premium subsidies to participating PERA benefit recipients who choose to enroll in one of PERA's health care plans. PERA's financial statements, which include all of its Divisions and trusts, may be obtained by writing to PERA at P.O. Box 5800, Denver, Colorado 80217-5800, by calling the PERA Infoline at 1-800-759-7372 or by visiting http://www.copera.org. *The reference to PERA's website is included herein for informational purposes only, and information available on such website or in PERA's financial statements, or any other information provided by PERA, is not incorporated in this Official Statement by reference or otherwise, nor does the State make any representations regarding the accuracy of any such information.*

Basic Provisions of the State Division Plan

Members of the State Division Plan who meet minimum age and service requirements are eligible to receive a monthly retirement benefit based on their employment and earnings history with the State. Calculation of retirement benefits, and eligibility requirements, differ depending on the employee's original hire date. In response to funding challenges, the General Assembly has enacted changes to State Division Plan benefits at various times. Some of such changes have been applied prospectively to newly hired employees. As a result, there are several tiers of employee benefits and related provisions that are based on employee hire dates and other factors. See Notes 6-8 to the financial statements in the State's Fiscal Year 2017-18 CAFR and Unaudited Fiscal Year 2018-19 BFS appended to this Official Statement, the PERA 2018 CAFR and the PERA Act for a discussion of eligibility requirements and the various tiers of benefits under the State Division Plan. See also the Statistical Section of the PERA 2018 CAFR for various statistics regarding members, retirees, survivors and benefit payments for the State Division Plan.

Implementation by PERA of GASB 67

In 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which establishes new standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, and note disclosure requirements for defined contribution pension plans administered through qualified trusts. GASB 67 is effective for accounting periods beginning after June 15, 2013, and, accordingly, PERA implemented GASB 67 beginning with its Comprehensive Annual Financial Report for the Plan Year ended December 31, 2014.

The objective of GASB 67 as stated therein is to improve financial reporting by state and local governmental pension plans. The requirements of GASB 67 are intended to improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information. A related statement, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," applies to governmental employers and was implemented by the State beginning with the State's Fiscal Year 2014-15 CAFR. See "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68" below.

GASB 67 establishes a shift in financial disclosure requirements from a funding-based approach to an accounting-based approach. Implementation of GASB 67 requires the preparation of two actuarial valuations, one for funding purposes and one for accounting and financial disclosure purposes. The purpose of the funding valuation is to guide the PERA Board's actions necessary to ensure the long-term sustainability of PERA's trust funds. The funding valuation aids this action by allowing PERA to assess the sufficiency of the current statutory contribution rates and analyze the sufficiency of future contributions to meet current and future benefit obligations. The actuarial valuation for accounting purposes emphasizes the obligation an employer incurs to employees through the employment-exchange process. The primary purpose of the valuation for accounting purposes is to provide a consistent, standardized methodology that allows comparability of amounts and increased transparency of the pension liability across U.S. pension plans complying with this new reporting standard. To accomplish this, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed unfunded actuarial accrued liability[1] ("UAAL"). Net pension liability is to be measured as the total pension liability[2] of the plan less the amount of the plan's fiduciary net position[3].

Another major change in the new standard is the rate used to discount projected benefit payments. The new standard states the long-term expected rate of return on the investments of the plan should be applied only to available plan assets that are expected to be invested using a strategy to achieve that return. If there comes a point in the projections when plan fiduciary net position and contributions related to active and inactive employees are no longer projected to be greater than or equal to projected benefit payments related to those employees and administrative expenses (crossover point), then from that point forward the plan will be required to discount the projected benefit payments after the crossover point using a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

GASB 67 also enhances the standards for footnote disclosure and required supplementary information for pension plans, including, among other things, disclosing the plan's net pension liability, ratio of fiduciary net position to total pension liability and actuarial methods and assumptions.

Actuarial Valuations

Many of the measures used to determine and evaluate the financial condition and funding status of the State Division Plan are based on actuarial valuations. An actuarial valuation is the determination, as of the actuarial valuation date, of the service cost, total pension liability and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by GASB. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial valuations for each of PERA's defined benefit plans, including the State Division Plan, are prepared by PERA's actuaries based on a set of actuarial methods and assumptions that by State law are the responsibility of the PERA Board. The valuations for the State Division Plan examine the assets of the Plan compared to actuarial liabilities, compare past and future trends and determine the net pension liability of the Plan. The actuarial valuation for funding purposes applies an asset valuation method that recognizes a four-year smoothed market value of assets for purposes of determining the

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[1] Unfunded actuarial accrued liability is the difference between the actuarial accrued liability, or "AAL" (being the excess of the present value of a pension fund's total of future benefits (payable to the plan participants) and fund administration expenses over the present value of the future normal cost of those benefits), over the valuation assets of the fund.

[2] Total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of plan member service in conformity with the requirements of GASB 67. For purposes of application to the requirements of GASB 67, AAL is the equivalent of total pension liability.

[3] Fiduciary net position equals assets plus deferred outflows of resources and less liabilities and deferred inflows of resources at the end of the plan's reporting period.

UAAL, while the actuarial valuation for accounting and financial reporting purposes applies the fair value of assets (determined in conformity with GASB standards) to determine the net pension liability. See the Actuarial Section of the PERA 2018 CAFR for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2018 CAFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. Recently, the PERA Board has reviewed the economic assumptions on a more frequent basis. The PERA Board last completed an experience study in 2016, and the next experience study is planned in 2020.

No assurance can be given that any of the assumptions underlying the actuarial valuations of the State Division Plan will reflect the actual results experienced by the Plan. Variances between the assumptions and actual results may cause an increase or decrease in the actuarial value of Plan assets, the net pension liability of the Plan and other valuation and performance measures determined on the basis of such actuarial valuations.

Funding of the State Division Plan

Statutorily Required Contributions. The State Division Plan is funded with payments made by the State and by each eligible employee as provided in the PERA Act. The State's contributions to the Plan are based on percentages of employee wages and are set by statute. These contribution percentages are referred to herein as the statutorily required contribution, or "SRC," of the State. The baseline SRC that is made by the State for most State employees currently is 10.15% of the employee's salary. As required by statute, State employees contribute 8.0% (except for State Troopers and Colorado Bureau of Investigation officers, who contribute 10%) of their wages to the State Division Plan, although per SB 10-001, for Fiscal Years 2010-11 and 2011-12 the employee contribution percentage was increased to 10.5% of the employee's wages. The 2.5% increase in contribution percentage by employees offset a 2.5% reduction in the State contribution for those Fiscal Years. The employee contribution rates reverted to pre-Fiscal Year 2010-11 levels effective July 1, 2012, and the State returned to paying the 10.15% SRC.

The General Assembly enacted legislation in 2004, 2006 and 2010 to gradually increase employer contributions to the State Division Plan by authorizing the Amortization Equalization Disbursement ("AED") and the Supplemental Amortization Equalization Disbursement ("SAED") in order to shorten the amount of time over which the unfunded liability of the Plan is amortized. Both the AED and the SAED are paid by the State as contributions to the State Division Plan as a percentage of employee wages, but the SAED payment comes from moneys that would otherwise have been used to provide market-based salary increases to employees. The AED and the SAED applicable to the State Division Plan were effective as of January 1, 2006, and January 1, 2008, respectively, and were each initially payable at the rate of 0.5% of total covered payroll with annual increases in the contribution rate through 2017. As of June 30, 2018, the AED and SAED rates applicable to the State Division Plan were each 5.0%, and the total SRC applicable to the State Division Plan (net of 1.02% apportioned to the Health Care Trust Fund per the PERA Act) was 19.13% of employee wages. In addition, SB 18-200, enacted by the General Assembly in 2018, provides for automatic adjustments to employee and employer contribution rates within certain statutory parameters so as to stay within the legislation's 30-year funding goal as discussed in "Funding Status of the State Division Plan" below. Previously, such adjustments required action by the General Assembly. SB 18-200 also provides that effective January 1, 2021, and every year thereafter, employer contribution rates for the State Division Plan are to be adjusted to include a defined contribution supplement. See also Note 6 to the State's Fiscal Year 2017-18 CAFR and Unaudited Fiscal Year 2018-19 BFS appended to this Official Statement and both the Management's Discussion and Analysis and Note 4 to the financial statements in the PERA 2018 CAFR.

Changes to the statutorily required contributions to the State Division Plan by the State and its employees, or to other provisions of the Plan, could be made by the General Assembly through future legislative action, which changes could impact the SRC, the funding status and/or the financial condition of the Plan as described herein. The State cannot predict if or when any such legislative changes might be enacted or the impact that any such changes, if enacted, might have on the State Division Plan or the State's funding obligations with respect to the Plan.

The SRC is paid from the State General Fund as well as from certain federal funds and State cash funds and is typically paid from the same funding source as the employee's salary and other benefits. Although the rate of the SRC is set by statute, payment of the SRC nevertheless is subject to annual appropriation through the State budgeting process as described in "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations" in the body of this Official Statement. The State has consistently contributed the full amount of the SRC to the State Division Plan.

Actuarially Determined Contribution. As a result of the shift in financial disclosure requirements under GASB 67 from a funding-based approach to an accounting-based approach, the historical disclosure and use of the annual required contribution[1], or "ARC," as a funding benchmark by PERA was no longer required. Rather, this philosophical shift necessitated the development and use of a plan-specific actuarially determined contribution ("ADC") benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ADC represents the amount needed to fund benefits over time, and constitutes a target or recommended employer contribution for the reporting period determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted. An ADC deficiency arises when actual employer contributions are less than the ADC, and interest accrues on the ADC deficiency at the plan's expected long-term rate of return. See "*Historical ADC and State Contributions*" below.

Change in PERA Funding Policy. In response to the new GASB 67 standards, the PERA Board adopted a revised pension funding policy in March 2015 (and last revised in November 2018) with regard to its trust funds. The purpose of the revised funding policy, as stated in the PERA 2018 CAFR, is to: (i) define the overall funding benchmarks of PERA's defined benefit pension trust funds; (ii) assess the adequacy of the contribution rates which are set by the General Assembly by comparing these rates to an ADC rate; and (iii) define the annual actuarial metrics that will assist the PERA Board in assessing the sustainability of the plan. The results of these three items are intended to guide the PERA Board when considering whether to pursue or support proposed legislation pertaining to changes in plan contribution and/or benefit provisions. See "*Statutorily Required Contributions*" above.

Historical ADC and State Contributions. The following table sets forth for each of the years 2009-2018 (i) the ADC for the State Division Plan, (ii) the annual contribution deficiency and (iii) the actual contribution as a percentage of covered employee payroll. The State annually contributes the full amount of the SRC to the State Division Plan; however, these amounts have been less than the applicable ARC or ADC. During this period the State has not made any contributions to the State Division Plan in excess of the SRC.

The ADC rates, as a percentage of covered payroll, used to determine the ADC amounts in Table 1 below are calculated as of December 31 two years prior to the end of the year in which the ADC amounts are reported. The following actuarial methods and assumptions from the December 31, 2016, actuarial valuation were used to determine contribution rates reported in the table for the year ended December 31, 2018: (i) the actuarial cost method is based on the entry age of participants; (ii) the Plan's amortization period is based on a level percent of payroll over a 30-year closed period layered 28 years; (iii) for valuation purposes the actuarial value of assets is based on gains and losses smoothed in over a four-year period as permitted by GASB standards; (iv) price inflation is assumed to be 2.40%; (v) real wage growth is assumed to be 1.10%; (vi) salary increases (including assumed wage inflation of 3.50%)

[1] Prior to 2014, PERA used the ARC as a funding benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ARC is the actuarially determined amount that would be required if the State were to fund each year's normal cost (*i.e.*, the present value of the benefits that the State Division Plan projects to become payable in the future that are attributable to a valuation year's payroll) in the State Division Plan plus an annual amortization of the UAAL assuming that the UAAL will be fully funded over a maximum 30-year period. The difference between the ARC and the SRC constitutes either a contribution deficiency or excess contributions. For historical information regarding the ARC, see PERA's Comprehensive Annual Financial Report for calendar year 2013.

are projected to range from 3.50% to 10.45%; (vii) the long-term investment rate of return (net of pension plan investment expense, including price inflation) is assumed to be 7.25%; and (viii) cost of living adjustments for pre-2007 hires are assumed to be 2.00% per year and cost of living adjustments for post-2006 hires are assumed to be financed by the Annual Increase Reserve described in footnote 2 to the table. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 3 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2018 CAFR.

Table 1
Employer Contributions
State Division
(Dollar Amounts in Thousands)

Calendar Year	ADC Rate[1]	Covered Employee Payroll	Annual Increase Reserve Contribution[2]	ADC Contribution[3]	Contributions in Relation to the ADC	Annual Contribution Deficiency	Actual Contribution as a Percentage of Covered Employee Payroll
2018	26.30%	$2,898,827	$15,919	$778,311	$661,653	$116,658	22.82%
2017	22.71	2,774,207	14,355	644,377	563,977	80,400	20.33
2016	22.31	2,710,651	12,838	617,584	521,804	95,780	19.25
2015	22.35	2,641,867	11,400	601,857	484,005	117,852	18.32
2014	20.45	2,564,670	9,984	534,459	444,372	90,087	17.33
2013	20.01	2,474,965	--	495,241	393,218	102,023	15.89
2012	16.52	2,384,934	--	393,991	328,055	65,936	13.76
2011	13.63	2,393,791	--	326,274	277,122	49,152	11.58
2010	18.93	2,392,080	--	452,821	282,640	170,181	11.82
2009	17.91	2,384,137	--	426,999	293,234	133,765	12.30

1 See the discussion preceding this table regarding the actuarial methods and assumptions used in determining the ADC rates.

2 The Annual Increase Reserve, or "AIR," was established in 2007 and is used to provide post-retirement benefit increases for members hired on or after January 1, 2007. The AIR is financed by an allocation from employer statutory contributions made on behalf of such members equal to 100% of pensionable payroll and through an allocation of purchase of service dollars. For further information see the PERA 2018 CAFR.

3 The ADC contribution equals the sum of (i) the ADC rate times the covered employee payroll, plus (ii) the AIR.

Source: PERA 2018 CAFR

The Management's Discussion and Analysis in the PERA 2018 CAFR states that, using the funding policy approved by the PERA Board on March 20, 2015, as amended in January 2018, and the 2017 actuarial funding valuation based on an assumed 7.25% investment rate of return and discount rate, the 2019 ADC for the State Division Fund needed to meet the layered, 30-year closed amortization period will be 23.28%, and using the funding policy approved by the PERA Board on March 20, 2015, as last amended in November 2018, and the 2018 actuarial funding valuation based on an assumed 7.25% investment rate of return and discount rate, the 2020 ADC for the State Division Fund needed to meet the layered, 30-year closed amortization period will be 23.69%.

For historical information regarding employer contributions based on the ARC, see PERA's Comprehensive Annual Financial Report for calendar year 2013 and Note 6 to the State's Fiscal Year 2017-18 CAFR and Unaudited Fiscal Year 2018-19 BFS appended to this Official Statement.

Funding Status of the State Division Plan

The State Division Plan currently is significantly underfunded. As discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" above, the AED and SAED were implemented in 2006 and 2008, respectively, and other changes were made to the Plan design by SB 10-001, all in an effort to improve the funding status of the State Division Plan. However, investment returns on Plan assets declined following the global economic downturn that began in 2008. As a result, the actuarial assumptions as to the investment rate of return on Plan assets and the discount rate on actuarially accrued liabilities were lowered by the PERA Board from 8.50% to 8.00% in 2009, to 7.50% at the end of 2013 and to 7.25% as of

December 31, 2017, and other economic assumptions, including the amortization period, were changed over this period as well, to reflect actual results and new estimates about the future. Notwithstanding these changes, PERA reported that at December 31, 2016, the State Division Plan a UAAL of approximately $11.644 billion and a funded ratio (*i.e.*, the actuarial value of Plan assets divided by the AAL) of only 54.6%, which UAAL would have amortized over a 65-year period based on contribution rates as of the date of calculation.

In order to address the funding status of PERA's defined benefit plans, including the State Division Plan, in 2018 the General Assembly enacted SB 18-200 which made changes to the defined benefit plans administered by PERA with the goal of eliminating the UAAL of such plans, and thereby reach a 100% funded ratio for each of such plans, within a 30-year period. Among other things, SB 18-200 phases-in a 2% increase in contribution rates for most employees, suspended the cost of living adjustment for retirees through 2019, changes the definition of salary and highest average salary, reduces maximum annual cost of living adjustments, adjusts employee and employer contribution rates, funds unfunded PERA liability from political subdivisions that terminate their affiliation with PERA and provides for a direct annual allocation to PERA from the State General Fund of $225 million (actual dollars) beginning with Fiscal Year 2018-19. SB 18-200 also provides for automatic adjustments to employee and employer contribution rates, annual cost of living increases and the State's annual direct contribution to PERA within certain statutory parameters so as to stay within the 30-year funding goal. Previously, such adjustments required action by the General Assembly. For further information regarding SB 18-200, see Note 6 to the State's 2017-18 CAFR and Unaudited Fiscal Year 2018-19 BFS appended to this Official Statement and the PERA 2018 CAFR.

The PERA 2018 CAFR reports that, at December 31, 2018, the actuarial value of assets of the State Division Plan was approximately $14.304 billion and the AAL of the Plan was approximately $25.509 billion, resulting in a UAAL of approximately $11.206 billion, a funded ratio of 56.1% and an amortization period of 35 years[1]. The actuarial value of assets of the State Division Plan is determined by using an asset valuation method of smoothing the difference between the market value of assets and the actuarial value of assets over a four-year period to prevent extreme fluctuations that may result from short-term or cyclical economic and market conditions. Based on the market value of assets of the State Division Plan, the PERA 2018 CAFR reports that at December 31, 2018, the UAAL of the Plan was approximately $11.672 billion and the funded ratio was 54.2%.

For further information, see Management's Discussion and Analysis in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement, as well as Management's Discussion and Analysis, Notes 10 and 12 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2018 CAFR.

Table 2 below sets forth for each of the years 2009-2018 the UAAL, the funded ratio and related information for the State Division Plan based on the actuarial value of Plan assets, and Table 3 below sets forth such information based on the market value of Plan assets.

The actuarial valuation for funding purposes in the PERA 2018 CAFR was performed as of December 31, 2018, and the actuarial valuation for accounting and financial reporting purposes in the PERA 2018 CAFR was performed as of December 31, 2017, and the total pension liability was rolled forward to the measurement date of December 31, 2018, utilizing generally accepted actuarial techniques.

[1] This amortization period is based on the actuarial valuation for funding purposes as of December 31, 2018, and exceeds the SB 18-200 goal of funding 100% of the AAL of the State Division Plan within 30 years because it does not include the full effect of legislation enacted in 2006, 2010 and 2018, which is designed to lower the normal cost over time as new members are added to the Plan, allow a greater proportion of the State's contribution to the Plan to be used to amortize the unfunded liability and increase future contributions to the Plan in order to accelerate the amortization of the UAAL. On a projected basis, when including the anticipated adjustments to take effect July 1, 2020, resulting from the automatic adjustment provisions of SB 18-200, the amortization period for the State Division Plan is 34 years. For further information, see the PERA 2018 CAFR.

When calculating the AAL of the State Division Plan in Tables 2 and 3 below, the following actuarial methods, assumptions and inputs, among others, were used: (i) price inflation is assumed to be 2.40%; (ii) real wage growth is assumed to be 1.10%; (iii) salary increases (including assumed wage inflation of 3.50%) are projected to range from 3.50% to 9.17%; (iv) the long-term investment rate of return (net of pension plan investment expense, including price inflation) and discount rate are assumed to be 7.25%; and (v) cost of living adjustments for pre-2007 hires are assumed to be 0% through 2019 and 1.50% per year compounded annually thereafter, and cost of living adjustments for post-2006 hires are assumed to be financed by the AIR. Other assumptions include, without limitation, future retiree participation and contribution rates and mortality rates. For further information, see Note 10 to the financial statements and the Actuarial Section in the PERA 2018 CAFR.

Table 2
Historical Funding Progress of State Division Plan
Actuarial Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Actuarial Value of Plan Assets[1]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2018	$14,303,726	$25,509,852	$11,206,126	56.1%	$2,898,827	386.6%
2017	14,256,410	24,782,085	10,525,675	57.5	2,774,207	379.4
2016	14,026,332	25,669,916	11,643,584	54.6	2,710,651	429.5
2015	13,882,820	24,085,671	10,202,851	57.6	2,641,867	386.2
2014	13,523,488	23,408,321	9,884,833	57.8	2,564,670	385.4
2013	13,129,460	22,843,725	9,714,265	57.5	2,474,965	392.5
2012	12,538,675	21,191,495	8,652,820	59.2	2,384,934	362.8
2011	12,010,045	20,826,543	8,816,498	57.7	2,393,791	368.3
2010	12,791,946	20,356,176	7,564,230	62.8	2,392,080	316.2
2009	13,382,736	19,977,217	6,594,481	67.0	2,384,137	276.6

[1] The actuarial value of Plan assets is based on gains and losses smoothed in over a four-year period as permitted by GASB standards.

Source: PERA 2018 CAFR

Table 3
Historical Funding Progress of State Division Plan
Market Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Market Value of Plan Assets[1]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2018	$13,837,863	$25,509,852	$11,671,989	54.2%	$2,898,827	402.6%
2017	15,105,378	24,782,085	9,676,707	61.0	2,774,207	348.8
2016	13,538,772	25,669,916	12,131,144	52.7	2,710,651	447.5
2015	13,391,398	24,085,671	10,694,273	55.6	2,641,867	404.8
2014	13,956,630	23,408,321	9,451,691	59.6	2,564,670	368.5
2013	13,935,754	22,843,725	8,907,971	61.0	2,474,965	359.9
2012	12,766,459	21,191,495	8,425,036	60.2	2,384,934	353.3
2011	12,001,770	20,826,543	8,824,773	57.6	2,393,791	368.7
2010	12,487,105	20,356,176	7,869,071	61.3	2,392,080	329.0
2009	11,611,758	19,977,217	8,365,459	58.1	2,384,137	350.9

[1] The market value of Plan assets is the fair value of the assets determined in conformity with GASB standards. See the Investment Section of the PERA 2018 CAFR.

Source: PERA Comprehensive Annual Financial Reports for calendar years 2009 through 2018

Since contribution rates to the State Division Plan are fixed by statute, unless changes are made to such rates or changes are made to Plan provisions to reduce benefit payments, improvements in the funding status of the State Division Plan are expected to come primarily from increases in investment returns on Plan assets or changes in the actuarial assumptions used to determine the value of Plan assets and the AAL. Changes to contribution rates or other Plan provisions, or the use of alternative Plan funding strategies, would require legislative action by the General Assembly, of which there can be no assurance.

Fiduciary Net Position of the State Division Plan

The Statement of Fiduciary Net Position of the State Division Plan as of December 31, 2018, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2018 CAFR. The following table sets forth for each of the years 2009-2018 the changes in fiduciary net position of the State Division Plan.

Table 4
Changes in Fiduciary Net Position
State Division
(Cash Basis; Dollar Amounts in Thousands)

	For the Year Ended December 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
ADDITIONS										
Employer contributions	$ 583,164	$ 563,977	$ 521,804	$ 484,005	$ 444,372	$ 401,658	$ 335,073	$ 283,222	$ 287,624	$ 297,240
Nonemployer contributions	78,489	--	--	--	--	--	--	--	--	--
Member contributions	236,313	228,978	223,005	217,980	211,610	202,799	227,058	258,678	223,240	194,168
Purchased service	25,227	27,442	24,528	26,946	22,446	22,241	16,358	11,277	12,496	8,830
Net investment income (loss)	(497,562)	2,391,683	947,981	210,337	780,762	1,931,658	1,511,244	232,669	1,553,142	1,742,571
Other	7,888	15,860	8,708	5,023	3,289	4,869	150	331	1	3
Total additions	433,519	3,227,940	1,726,026	944,291	1,462,479	2,563,225	2,089,883	786,177	2,076,503	2,242,812
DEDUCTIONS										
Benefit payments	1,608,534	1,554,290	1,483,828	1,417,862	1,352,293	1,295,780	1,231,922	1,174,707	1,122,435	1,071,725
Refunds	65,253	58,696	60,137	63,567	61,152	68,735	69,221	70,090	68,844	58,416
Disability insurance premiums	2,093	2,035	2,106	2,088	2,309	2,229	1,570	1,685	1,661	2,004
Administrative expenses	11,903	11,745	11,271	10,779	10,067	9,780	8,568	8,685	8,942	8,729
Other	3,017	3,652	3,040	3,406	3,171	3,593	3,911	(4,546)	(726)	(1,519)
Total deductions	1,690,800	1,630,418	1,560,382	1,497,702	1,428,992	1,380,117	1,315,192	1,250,621	1,201,156	1,139,355
Change in fiduciary net position	(1,257,281)	1,597,522	165,644	(553,411)	33,487	1,183,108	774,691	(464,444)	875,347	1,103,457
Fiduciary net position held at beginning of year	15,223,702	13,626,180	13,460,536	14,013,947	13,980,460	12,797,352	12,022,661	12,487,105	11,611,758	10,508,301
Fiduciary net position held at end of year	$13,966,421	$15,223,702	$13,626,180	$13,460,536	$14,013,947	$13,980,460	$12,797,352	$12,022,661	$12,487,105	$11,611,758

Source: PERA 2018 CAFR

Net Pension Liability of the State Division Plan

As noted above, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed UAAL, and also requires disclosing the plan's net pension liability and ratio of fiduciary net position to total pension liability. The schedule of net pension liability presents multi-year trend information about whether the fiduciary net position is increasing or decreasing over time relative to total pension liability.

The following table sets forth for the years 2013-2018 (the only years for which information is available) the net pension liability and related information regarding the State Division Plan. The required supplemental information in the PERA 2018 CAFR includes a schedule showing the sources of the changes in net pension liability for 2014-2018 (information for 2013 is not available). See also "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68" hereafter.

Table 5
Net Pension Liability
State Division[1,2]
(Dollar Amounts in Thousands)

	For the Year Ended December 31,					
	2018	**2017**	**2016**	**2015**	**2014**	**2013**
Total pension liability[3, 4]	$25,345,094	$35,241,684	$31,994,311	$23,991,569	$23,420,461	$22,888,431
Plan fiduciary net position	13,966,421	15,223,702	13,626,180	13,460,536	14,013,947	13,980,460
Net pension liability	$11,378,673	$20,017,982	$18,368,131	$10,531,033	$ 9,406,514	$ 8,907,971
Net pension liability as a percentage of total pension liability	55.11%	43.20%	42.59%	56.11%	59.84%	61.08%
Covered employee payroll	2,898,827	$ 2,774,207	$ 2,710,651	$ 2,641,867	$ 2,564,670	$ 2,474,965
Net pension liability as a percentage of covered employee payroll	392.53%	721.57%	677.63%	398.62%	366.77%	359.92%

1 Information for years prior to 2013 is not available.

2 Government accounting standards require that pension liabilities for financial reporting purposes be measured using the plan provisions in effect at the pension plan's year-end. Therefore, unlike the tables in "Funding Status of the State Division Plan" above, the changes made by SB 18-200 are not reflected in this table for years 2013-2017.

3 The total pension liability as of December 31, 2018, was determined by actuarial valuations as of December 31, 2017, and accepted actuarial procedures were applied to roll-forward the total pension liability to December 31, 2018. The actuarial valuations as of December 31, 2017, used the key actuarial methods, assumptions or other inputs discussed in "Funding Status of the State Division Plan" above, except that the fair value (or market value) of assets, rather than a four-year smoothed market value of assets, was used to determine the net pension liability.

4 The decrease in the total pension liability at December 31, 2018, is primarily due to changing from a blended discount rate to a discount rate equal to the long-term assumed rate of return in accordance with GASB 67 as explained in the PERA 2018 CAFR.

Source: PERA 2018 CAFR

Investment of State Division Plan Assets

State law authorizes the investment of PERA's funds by the PERA Board, subject to the following limitations:

- The aggregate amount of investment trust shares, corporate stocks, corporate bonds and convertible debentures cannot exceed 65% of the book value of the fund.
- Neither common nor preferred stock of a single corporation can exceed 5% of the book value of the fund.
- The fund cannot acquire more than 12% of the outstanding stocks or bonds of a single corporation.

See Note 5 to the financial statements and the Investment Section of the PERA 2018 CAFR for additional discussion of PERA's investment responsibilities and investment policies.

Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68") is a GASB pronouncement that is related to GASB 67 and applicable to governmental entities, such as the State, that provide their employees with pension benefits. GASB 68 is effective for fiscal years beginning after June 15, 2014, and accordingly has been implemented beginning with the State's Fiscal Year 2014-15 CAFR. GASB 68 revises and establishes new financial reporting requirements for governmental entities, and, among other things, requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. See Table 2 in this Appendix for the UAAL of the State Division Plan for the years 2009-2018 as set forth in the PERA 2018 CAFR.

The State reported a net pension liability in the State's Unaudited Fiscal Year 2018-19 BFS of approximately $13.531 billion at June 30, 2019, compared to a reported net pension liability in the State's Fiscal Year 2017-18 CAFR of approximately $19.382 billion at June 30, 2018, and a reported net pension liability in the State's Fiscal Year 2016-17 CAFR of approximately $17.854 billion at June 30, 2017. These amounts were determined as of the calendar year-end that occurred within the Fiscal Year. See also Note 6 to the State's Fiscal Year 2017-18 CAFR and Unaudited Fiscal Year 2018-19 BFS appended to this Official Statement for a description of the methodology utilized to determine these amounts.

There is a difference between the net pension liability for the State reported by PERA and the State in their respective financial statements. The difference results from PERA's inclusion of employers in the State Division and the Judicial Division which are not included in the State's financial statement reporting entity. The PERA Board has statutory authority to assign employers to the State Division and Judicial Division that are not part of the State's financial statement reporting entity as defined by GASB Statement No. 14, as amended by GASB Statements No. 39 and 61. Examples of these employers in the State Division include Pinnacol Insurance, Fire and Police Pension Association and District Attorneys. Denver County Courts is the only Judicial Division employer that is not part of the State's financial statement reporting entity. The State includes in its financial statements a percentage of the net pension liability reported by PERA in its financial statements for each Division to determine the State's proportionate share in accordance with requirements of GASB 68. Additional information concerning the State's reporting entity can be found in Note 1 to the State's Fiscal Year 2017-18 CAFR and Unaudited Fiscal Year 2018-19 BFS appended to this Official Statement, and additional information concerning the proportionate share calculation can be found in Note 6 of the State's Fiscal Year 2017-18 CAFR and Unaudited Fiscal Year 2018-19 BFS.

The State's proportionate share of the net pension liability at the end of calendar years 2014-2018 in accordance with requirements of GASB 68 is set forth in the following table.

Table 6
State's (Primary Government's) Proportionate
Share of the Net Pension Liability[1]
(Amounts in Thousands)

	Calendar Year 2018		Calendar Year 2017		Calendar Year 2016		Calendar Year 2015		Calendar Year 2014	
	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division	State Division	Judicial Division
State's proportion of the net pension liability (asset)	95.95%	94.91%	95.37%	93.99%	95.49%	94.17%	95.71%	93.98%	95.85%	93.60%
State's proportionate Share of Net Pension liability (asset)	$10,918,046	$134,072	$19,091,149	$218,136	$17,539,728	$239,423	$10,079,252	$172,824	$9,016,144	$129,499
State's covered-employee payroll	$ 3,262,962	$ 55,706	$ 2,796,014	$ 46,764	$ 2,751,094	$ 46,320	$ 2,687,152	$ 44,159	$2,586,800	$ 40,114
State's proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	334.61%	240.68%	682.80%	466.46%	637.55%	516.89%	375.09%	391.37%	348.54%	322.83%
Plan fiduciary net position as a percentage of the total pension liability	55.11%	68.48%	43.20%	58.70%	42.59%	53.19%	56.11%	60.13%	59.84%	66.89%

1 The amounts presented for each Fiscal Year were determined as of the calendar year-end that occurred within the Fiscal Year and were calculated as described in Note 6 to the Financial Statements and Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement.

Source: State Fiscal Year 2017-18 CAFR

A 10 year history of the State's contribution to PERA for the State and Judicial Divisions is also included in Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2017-18 CAFR appended to this Official Statement. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis and Notes 1 and 6-8 to the Financial Statements in the State's Fiscal Year 2017-18 CAFR.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"), is effective for fiscal years beginning after June 15, 2017, and accordingly was first implemented in the State's Fiscal Year 2017-18 CAFR. GASB 75 requires, for purposes of governmental financial reporting, that the State recognize a liability for its proportionate share of the net Other Post-Employment Benefits ("OPEB") liability (of all employers for benefits provided through the OPEB plan), *i.e.*, the collective net OPEB liability. The State is also required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. GASB 75 also requires additional footnote disclosures about the pension trust fund in the financial statements.

Effect of Pension Liability on the Series 2019O Certificates

For a discussion of the State's current pension liability, see the Management's Discussion and Analysis in the Financial Section of the State's Fiscal Year 2017-18 CAFR appended to this Official Statement under the caption "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions." No assurances can be given that the assumptions underlying any current or future plans of the State to address its pension liabilities will be realized or that actual events will not cause material changes to the pension data presented in this Official Statement, including in this Appendix. The General Assembly and Governor are ultimately responsible for passing any legislation which would make material changes to PERA retirement plans. No assurance can be given that any legislative changes aimed at decreasing the State's pension liability will be enacted. The State's current pension liability or any increase in the State's pension liability may have a material adverse effect on the State's ability to fully pay its obligations, including the Series 2019O Certificates.

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APPENDIX K

DTC BOOK-ENTRY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to describe accurately DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but the State takes no responsibility for the accuracy or completeness of such statements. Beneficial Owners should confirm the following information with DTC or the DTC Participants.

None of the Trustee, the State or the Underwriters has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the registered owners of the Series 2019O Certificates under the Indenture, (iii) the payment by DTC or any DTC Participant of any amounts received under the Indenture with respect to the Series 2019O Certificates, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2019O Certificates or (v) any other related matter.

DTC will act as securities depository for the Series 2019O Certificates. The Series 2019O Certificates will be in the form of fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2018L Certificate and Series 2018M Certificate for each maturity of the respective Series of Certificates, in the aggregate principal amount of such maturity, will be executed and delivered and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com and http://www.dtc.org. The State undertakes no responsibility for and makes no representations as to the accuracy or the completeness of the content of such material contained on such websites as described in the preceding sentence, including, but not limited to, updates of such information or links to other internet sites accessed through the aforementioned websites.

Purchases of Series 2019O Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019O Certificates on DTC's records. The ownership interest of each Beneficial Owner is in turn recorded on the records of Direct and Indirect Participants. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019O Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019O Certificates except in the event that use of the book-entry system for the Series 2019O Certificates is discontinued.

To facilitate subsequent transfers, all Series 2019O Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019O Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019O Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019O Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019O Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019O Certificates, such as redemptions, defaults and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2019O Certificates may wish to ascertain that the nominee holding the Series 2019O Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2019O Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019O Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2019O Certificates will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or the State Treasurer on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the paying agent or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments with respect to the Series 2019O Certificates to Cede & Co., or to such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the State or the paying agent, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2019O Certificates at any time by giving reasonable notice to the State. Under such circumstances, in the event that a successor securities depository is not obtained, physical certificates are required to be printed and delivered to the appropriate registered owners of the Series 2019O Certificates.

The State may at any time decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2019O Certificates. In that event, physical certificates will be printed and delivered to DTC.

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