NEW ISSUE—BOOK-ENTRY ONLY

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

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2021S Certificate (referred to herein as "interest") is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2021S Certificates (the "Tax Code"), interest on the Series 2021S Certificates is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, and interest on the Series 2021S Certificates is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Series 2021S Certificates as described herein. See "TAX MATTERS" herein.

$150,415,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2021S

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

The Series 2021S Certificates will be executed and delivered pursuant to and secured by a Master Trust Indenture, as supplemented (the "Indenture"), including a supplemental indenture securing the Series 2021S Certificates, executed and delivered by Zions Bancorporation, National Association, Denver, Colorado, as Trustee, and 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 net proceeds of the Series 2021S Certificates will be used to (a) pay the costs of projects for K-12 public school institutions (the "Participating K-12 Institutions") that have been reviewed, prioritized and recommended by the Public School Capital Construction Assistance Board (the "Assistance Board") for approval by the State Board of Education and the State's Capital Development Committee, (b) pay the costs of issuance of the 2021S Certificates and (c) make deposits to funds and accounts held by the Trustee under the Indenture.

The Series 2021S 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 2021S Certificates. Beneficial Ownership Interests in the Series 2021S 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 2021S Certificates by the rules and operating procedures applicable to the DTC book entry system as described herein.

The Series 2021S 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, 2022, 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 Schedules on the Inside Front Cover

The Series 2021S 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 2021S Certificates are offered when, as and if delivered, subject to the approving opinion of Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel, and certain other conditions. Tate Law, 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. Stradling Yocca Carlson & Rauth, Denver, Colorado, has acted as counsel to the Underwriters set forth below in connection with the execution and delivery of the Series 2021S Certificates. 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 2021S Certificates. It is expected that the Series 2021S Certificates will be executed and available for delivery through the facilities of DTC on or about December 9, 2021.

RBC Capital Markets

J.P. Morgan **Citigroup** **Stifel**

Official Statement Dated November 17, 2021

MATURITY SCHEDULE

$150,415,000[1]
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2021S

Maturing (March 15)	Principal Amount	Interest Rate	Yield	CUSIP No.©
2022	$ 6,115,000	5.00%	0.15%	19668QNB7
2023	1,505,000	5.00	0.27	19668QNC5
2024	1,250,000	5.00	0.40	19668QND3
2025	1,375,000	5.00	0.51	19668QNE1
2026	1,445,000	5.00	0.65	19668QNF8
2027	1,530,000	5.00	0.78	19668QNG6
2028	1,605,000	5.00	0.97	19668QNH4
2029	1,690,000	5.00	1.05	19668QNJ0
2030	1,780,000	5.00	1.20	19668QNK7
2031	2,150,000	5.00	1.26	19668QNL5
2032	2,710,000	5.00	1.34 [1]	19668QNM3
2033	3,695,000	5.00	1.36 [1]	19668QNN1
2034	4,375,000	5.00	1.40 [1]	19668QNP6
2035	4,920,000	5.00	1.44 [1]	19668QNQ4
2036	5,160,000	4.00	1.64 [1]	19668QNR2
2037	5,370,000	4.00	1.67 [1]	19668QNS0
2038	5,585,000	4.00	1.71 [1]	19668QNT8
2039	5,805,000	4.00	1.75 [1]	19668QNU5
2040	6,035,000	4.00	1.78 [1]	19668QNV3
2041	6,280,000	4.00	1.81 [1]	19668QNW1

Series 2021S Term Certificate

$80,035,000 4.00% Term Certificate due March 15, 2046 Yield 2.01%[1] CUSIP: 19668QNX9

© 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 2021S Certificates and only as of the issuance of the Series 2021S Certificates. None of the State, the Trustee or the underwriters of the Series 2021S Certificates (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 2021S Certificates may be changed after the issuance of the Series 2021S Certificates as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of the Series 2021S 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 2021S Certificates.

[1] Priced to the first optional call date of March 15, 2031 at par.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

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 2021S 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 2021S 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 2021S 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 Underwriters have reviewed the information in this Official Statement pursuant to their respective responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Trustee has not participated in the preparation of this Official Statement or any other disclosure documents relating to the Series 2021S 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 2021S Certificates and may not be reproduced or used in whole or in part for any other purpose.

The Series 2021S 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 2021S Certificates and the terms of the offering, including the merits and risks involved. The Series 2021S 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 2021S 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 2021S CERTIFICATES, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2021S 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 2021 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

$150,415,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2021S

INTRODUCTION

This Official Statement, including the cover page, inside front cover 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 2021S (the "Series 2021S Certificates"). Capitalized terms used herein and not otherwise defined have the meanings assigned to them in the Glossary in the form of the hereinafter defined 2021S Supplemental Indenture appended to this Official Statement.

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 2021S Certificates to potential investors is made only by means of the entire Official Statement.

COVID-19 (Coronavirus)

The spread of a novel strain of coronavirus called COVID-19 is currently altering the behavior of businesses and people in a manner that is having significant negative effects on global, national, state, and local economies. As further described under "CERTAIN RISK FACTORS—Potential Impact of COVID-19 (Coronavirus)," the Governor issued an executive order on October 30, 2020, and expired on April 16, 2021, consolidating numerous prior orders which imposed various restrictions upon Colorado residents and businesses.

COVID-19 has resulted in a substantial reduction of revenues historically available to the State, as well as requiring significant public health emergency response costs. However, the OSPB September 2021 Revenue Forecast forecasted revenues to the State General Fund greater than those forecast in the OSPB June 2021 Revenue Forecast. The combined effect of the State's budget reduction measures in 2020 will likely result in the State having revenues in excess of those in the fiscal year 2020-2021 budget that by law, will roll forward to successive budget years. **Investors should review information regarding the COVID-19 pandemic in "CERTAIN RISK FACTORS—Potential Impact of COVID-19 (Coronavirus)" and Appendices E and F. As discussed herein, COVID-19 has materially adversely impacted the finances of the State beginning in Fiscal Year 2020.** Unless, otherwise noted, historical, financial, economic, and demographic data contained herein does not reflect the impact of COVID-19.

The Indenture, the Prior Certificates and the Leases

The Indenture. The Series 2021S Certificates are being 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 previously executed and delivered pursuant thereto and as amended and supplemented by the Series 2021S Supplemental Trust Indenture (the "2021S Supplemental Indenture") to be dated as of the date of delivery of the Series 2021S Certificates (the "Closing Date"), in connection with the execution and delivery of the Series 2021S 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 (collectively, the "Prior Certificates") in addition to the Series 2021S Certificates (each series of which is referred to herein as a "Series" and collectively, with the Series 2021S Certificates, as the "Certificates"). Upon the execution and delivery of the Series 2021S Certificates, the following certificates of participation that have previously been executed and delivered pursuant to the Indenture will also be outstanding in the aggregate principal amount of $1,312,560,000. 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 of $87,145,000 and to be outstanding on the Closing Date in the aggregate principal amount of $87,145,000[1];
- 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 of amount of $95,690,000 and to be outstanding on the Closing Date in the aggregate principal amount of $95,690,000[1];
- 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 $17,060,000;
- 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 $13,900,000;
- 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 of $156,305,000 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 $78,880,000;
- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2018L (the "Series 2018L Certificates"), delivered in the original aggregate

[1] The Series 2009A Certificates and Series 2010D Certificates are not subject to redemption prior to their respective maturity dates. However, the Trustee is required under the Master Indenture to deposit into the respective 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 related Certificates at maturity. As of November 1, 2021, amounts of $69,728,211.35 and $56,439,844.39 have been deposited in the Sinking Fund Accounts for the Series 2009A Certificates and 2010D Certificates, respectively

principal amount of $75,290,000 and to be outstanding on the Closing Date in the aggregate principal amount of $67,875,000;

- 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 $82,665,000;
- State of Colorado Building Excellent Schools Today Refunding 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 $231,365,000;
- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2019O (the “Series 2019O Certificates”), delivered in the original aggregate principal amount of $165,805,00 and to be outstanding on the Closing Date in the aggregate principal amount of $158,075,000;
- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Taxable (Convertible to Tax-Exempt) Series 2019P (the “Series 2019P Certificates”), delivered in the original aggregate principal amount of $155,595,000 and to be outstanding on the Closing Date in the aggregate principal amount of $154,835,000;
- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Taxable (convertible to Tax-Exempt) Series 2019Q (the “Series 2019Q Certificates”), delivered in the original aggregate principal amount of $74,935,000 and to be outstanding on the Closing Date in the aggregate principal amount of $74,200,000; and
- State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2020R (the “Series 2020R Certificates”), delivered in the original aggregate principal amount of $98,030,000 and to be outstanding on the Closing Date in the aggregate principal amount of $94,565,000.

The Leases. The Series 2021S 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 2021S Certificates, the Leases will include the following:

- Series 2009A Lease Purchase Agreement, dated as of August 12, 2009;
- 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 (the "2018M Lease");
- Series 2018N Lease Purchase Agreement dated as of December 6, 2018 (the "2018N Lease");
- Series 2019O Lease Purchase Agreement dated as of December 5, 2019 (the "2019O Lease");
- Series 2019P Amended and Restated Lease Purchase Agreement dated as of December 27, 2019, which amends and restates the Series 2012H Lease Purchase Agreement dated as of December 6, 2012 (the "2019P Lease");
- Series 2019Q Lease Purchase Agreement dated as of December 27, 2019, which amends and restates the Series 2013I Lease Purchase Agreement dated as of December 9, 2013 (the "2019Q Lease");
- Series 2020R Lease Purchase Agreement dated as of December 9, 2020 (the "2020R Lease"); and
- Series 2021S Lease Purchase Agreement to be dated as of Closing (the "2021S 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. Each of the Series 2021S Participating K-12 Institutions is entering into a Site Lease with the Trustee dated as of the date of delivery of the Series 2021S Certificates (the " 2021S 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 2021S Certificates) by the respective Series 2021S Participating K-12 Institution and the buildings, structures and improvements now or hereafter located on such land (collectively, the " 2021S Leased Property") will be leased to the Trustee. See "SECURITY AND SOURCES OF PAYMENT—The Leased Property" and "CERTAIN RISK FACTORS—Effect of a Nonrenewal of the Lease." The 2021S Leased Property, with the additional Leased Property which has already or may in the future be leased under the 2021S Lease, the Prior Leases, additional Leases or amendments to the Prior Leases or the 2021S Lease is referred to herein as the "Leased Property." The 2021S Leased Property is being leased by the Trustee to the State, pursuant to the 2021S Lease and the State is subleasing the 2021S Leased Property to the respective Participating K-12 Institutions under certain Subleases each dated as of the date of delivery of the Series 2021S Certificates (the "2021S Subleases"). Any additional Leased Property which the State has already chosen or chooses in the future to lease under the Prior Leases or additional Leases or amendments to the Prior Leases, the 2021S Lease will secure all holders of Certificates under the Master Indenture, including holders of the Series 2021S 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 not to appropriate and thereby terminate the 2021S Lease or any other Lease in a particular year, the State would relinquish its right to use all the Leased Property (including the 2021S Leased Property) or any portion thereof through the term of the respective Site Leases. 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 herein. See "SECURITY AND SOURCES OF PAYMENT—The Leased Property—*Sublessee's Purchase Option*."

Authorization

The Act. The Series 2021S Certificates are being executed and delivered under authority granted by the constitution and laws of the State and particularly Part 1 of Article 43.7 of Title 22, Colorado Revised Statutes, as amended ("C.R.S."), referred to herein as the "Act" or the "BEST Act." Pursuant to the Act, the Colorado General Assembly (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 of Education (the "State Board") and the Capital Development Committee established by statute (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. The 2021S Lease is being entered by the State in order to fund certain Projects approved by the State Board and Capital Development Committee in June of 2021 (collectively, the "2021 State Approval") as described in "The Series 2021S Projects" under this caption for the Series 2021S Participating K-12 Institutions in accordance with the Act. See "The Program" and "The Series 2021S Participating K-12 Institutions" under this caption. See also "PLAN OF FINANCING—The Program" for further information about the Act.

The execution by the State of any future Leases for Projects not authorized as described above would require authorization by the State, as well as authorization by 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."

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 2021S Lease is being entered into by the State in order to fund certain Projects as further described in "The Series 2021S Projects" under this caption (the "Series 2021S 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 2021S Certificates are payable and secured on parity 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 2021S Certificates. See also "SECURITY AND SOURCES OF PAYMENT—The Leased Property."

The Assistance Fund. The Series 2021S 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 a portion of 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 the Participating K-12 Institution 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, 2020, AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021," "APPENDIX E—THE STATE GENERAL FUND," "APPENDIX F—OSPB SEPTEMBER 2021 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."

Purposes of the Series 2021S Certificates

Proceeds from the sale of the Series 2021S Certificates will be used to finance the costs of the Series 2021S Projects for the Series 2021S Participating K-12 Institutions, as more fully described in "Series 2021S Participating K-12 Institutions" under this caption and "PLAN OF FINANCING—The Series 2021S Projects and Series 2021S Participating K-12 Institutions." Proceeds of the Series 2021S Certificates will also be used to fund a deposit to the State Public Financing Cash Fund and to pay the costs of issuance associated with the Series 2021S Certificates. See "PLAN OF FINANCING—Sources and Uses of Funds" for a description of the estimated uses of proceeds of the Series 2021S Certificates.

Series 2021S Participating K-12 Institutions

Proceeds of the Series 2021S Certificates are expected to be used to fund the Series 2021S Projects for the benefit of the following entities in Colorado (collectively, the "Series 2021S Participating K-12 Institutions"): (1) Fowler School District R-4J ("Fowler R-4J"); (2) Huerfano School District RE-1 ("Huerfano RE-1"); (3) Weld County School District RE-5J ("Johnstown Milliken"); (4) Julesburg RE-1 School District ("Julesburg PK-12"); (5) Rocky Ford School District No. R-2 ("Rocky Ford R-2"); and, (6) Thompson School District R2-J ("Thompson R2-J"). See "PLAN OF FINANCING—The Series 2021S Projects and Series 2021S Participating K-12 Institutions."

Series 2021S Projects

The Series 2021S Projects involve various capital projects for the Series 2021S Participating K-12 Institutions approved in the 2021 State Approval, at certain funding levels. In accordance with the terms of the 2021S Subleases between the State and the Series 2021S Participating K-12 Institutions, each of the Series 2021S Participating K-12 Institutions agrees to construct the respective projects, and in accordance with the 2021S Lease, the State has agreed to cause the projects of the Series 2021S Participating K-12 Institutions that will execute and deliver 2021S Subleases to be constructed by causing such Series 2021S Participating K-12 Institution to comply with its related 2021S Sublease, but no failure of the related Series 2021S Participating K-12 Institution to comply with the relevant provisions of its 2021S Sublease will relieve the State of its obligation to cause the facilities to be constructed. See "PLAN OF FINANCING—The Series 2021S Projects and Series 2021S Participating K-12 Institutions" for further information about the Series 2021S Projects. Projects other than the Series 2021S Projects have been funded with the proceeds of the Prior Certificates and other projects may be funded with proceeds of additional Series of Certificates executed and delivered under the Master Indenture relating to a separate Lease or an amendment to the 2021S Lease or a Prior Lease. However, such additional Series of Certificates will require further authorization by the Colorado General Assembly if the aggregate Base Rent payable under the 2021S Lease, the Prior Leases and the additional Lease or an amendment to the 2021S Lease or a Prior Lease relating to such additional Series of Certificates would exceed the maximum aggregate annual lease payment permitted by the Act. It is possible that after the 2021S Certificates are executed and delivered, the currently imposed annual lease payment limits would allow funding of a few future projects through the execution and delivery of additional Series of Certificates without further authorization by the Colorado General Assembly. See "Terms of the Series 2021S Certificates—Additional Series of Certificates" under "SECURITY AND SOURCES OF PAYMENT" and "PLAN OF FINANCING—The Program."

Terms of the Series 2021S Certificates

General Provisions. The Series 2021S 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 2021S CERTIFICATES—Redemption Prior to Maturity."

The Series 2021S 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, 2022.

Book-Entry Only Registration. The Series 2021S 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 2021S Certificates. Ownership interests in the Series 2021S 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 2021S Certificates and various other matters by the rules and operating procedures applicable to the DTC book entry system as described in "THE SERIES 2021S CERTIFICATES—DTC Book-Entry System" and "APPENDIX K—DTC BOOK-ENTRY SYSTEM." References herein to the registered owners of the Series 2021S 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 2021S Certificates will be made by the Trustee, as paying agent for the Series 2021S Certificates, to Cede & Co., as the Owner of the Series 2021S 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 2021S Certificates, see "THE SERIES 2021S CERTIFICATES" and the forms of the Master Indenture and the 2021S Supplemental Indenture appended to this Official Statement.

Security and Sources of Payment

The Series 2021S 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 2021S 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 Section 9.01 of the form of the 2021S 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 2021S 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 2021S 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 2021S Certificates and the Prior Certificates, and which will be secured by the Trust Estate on parity with the Series 2021S Certificates and the Prior Certificates, without notice to or approval of the Owners of the Outstanding Series 2021S 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 2021S 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."

Certain Risks to Owners of the Series 2021S 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 2021S 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

Sherman & Howard L.L.C., Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the execution and delivery of the Series 2021S 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 Tate Law, P.C., Denver, Colorado, as Special Counsel to the State in connection with the preparation of this Official Statement. Stradling Yocca Carlson & Rauth, Denver, Colorado, has acted as counsel to the Underwriters in connection with the execution and delivery of the Series 2021S Certificates.

Tax Matters

In the opinion of Sherman & Howard L.L.C., 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 2021S 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 2021S 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 2021S Certificates. See "TAX MATTERS" herein.

Availability of Continuing Information

Upon delivery of the Series 2021S Certificates, the State will execute a Continuing Disclosure Undertaking in which it will agree, for the benefit of the owners of the Series 2021S Certificates, to file such ongoing information regarding the State as described in "CONTINUING DISCLOSURE" herein. A form of the Continuing Disclosure Undertaking is attached hereto as APPENDIX C.

State Economic and Demographic Information

This Official Statement contains economic and demographic information about the State prepared and compiled in May 2021 by Development Research Partners for use by the State. See "APPENDIX I—"CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION." **It is important to note that the information in APPENDIX I, such as employment figures, has changed materially since the date of such information. See "CERTAIN RISK FACTORS—Potential Impact of COVID-19 (Coronavirus)."**

Development Research Partners has consented to the inclusion of such information in this Official Statement. Neither the State nor the Underwriters intends to assume responsibility for the accuracy, completeness or fairness of such information. The information in such APPENDIX has been included in this Official Statement in reliance upon the authority of Development Research Partners as experts in the preparation of economic and demographic analyses. Potential investors should read APPENDIX I in its entirety for information with respect to the economic and demographic status of the State.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

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 Underwriters at RBC Capital Markets, LLC, as Representative of the Underwriters, 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number: (303) 595-1222.

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 or the Series 2021S Participating K-12 Institutions and the purchasers or holders of any of the Series 2021S Certificates.

PLAN OF FINANCING

The Program

The Series 2021S 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 $125 million for Fiscal Years 2021-22 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 2021-22 was $75 million, the State would need to expect at the time that it enters into a Lease that at least $12.5 million ($75 million—($125 million/2) = $12.5 million) in aggregate Matching Moneys would be credited to the Assistance Fund in Fiscal Year 2021-22.

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 2021-22 and thereafter. For this purpose, the impact of sequestration on Federal Direct Payments in Fiscal Year 2021-22 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 2021S 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 2021S Certificates.

Certificates to be Outstanding upon the Execution and Delivery of the Series 2021S Certificates

Series	Principal Amount Outstanding
Prior Certificates	
Series 2009A Certificates[1]	$ 87,145,000
Series 2010D Certificates[1]	95,690,000
Series 2012H Certificates	17,060,000
Series 2013I Certificates	13,900,000
Series 2017J Certificates	156,305,000
Series 2017K Certificates	78,880,000
Series 2018L Certificates	67,875,000
Series 2018M Certificates	82,665,000
Series 2018N Certificates	231,365,000
Series 2019O Certificates	158,075,000
Series 2019P Certificates	154,835,000
Series 2019Q Certificates	74,200,000
Series 2020R Certificates	94,565,000
Series 2021S Certificates	150,415,000
Total Certificates	$1,462,975,000

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

[1] The Series 2009A Certificates and Series 2010D Certificates are not subject to redemption prior to their respective maturity dates. However, the Trustee is required under the Master Indenture to deposit into the respective 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 related Certificates at maturity. As of November 1, 2021, amounts of $69,728,211.35 and $56,39,844.39 have been deposited in the Sinking Fund Accounts for the Series 2009A Certificates and 2010D Certificates, respectively.

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 would require authorization by the State and additional authorization from the General Assembly to the extent that Rent under the existing Leases and such additional Leases would exceed the annual lease payment limit described above. It is possible that after the Series 2021S 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.

Sources and Uses of Funds

The sources and uses of funds relating to the Series 2021S Certificates are set forth below:

Sources of Funds:	
Par amount of the Series 2021S Certificates	$150,415,000.00
Original issue premium	28,119,630.40
Matching Money Cash Contribution	36,551,838.99
	$215,086,469.39
Uses of Funds:	
Deposit to the Series 2021S Project Account of Capital Construction Fund	213,912,837.16
Costs of issuance, including Underwriters' discount[1]	1,173,632.23
Total	$215,086,469.39

[1] This amount (other than the Underwriters' 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 municipal advisors' fees. For information concerning the Underwriters' discount, see "UNDERWRITING."

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The Series 2021S Projects and Series 2021S Participating K-12 Institutions

The following table describes the Series 2021S Participating K-12 Institutions and Series 2021S Projects expected to be funded with proceeds of the Series 2021S Certificates, moneys in the Assistance Fund in an amount equal to Matching Moneys to be deposited therein when received from such Series 2021S Participating K-12 Institution and total cost of the related Series 2021S Project.

Series 2021S Projects and Series 2021S Participating K-12 Institutions

Series 2021S Participating K-12 Institution	Series 2021S Project Description	Matching Moneys[1]	Total Project Cost
Fowler R-4J	Middle and High School Addition and Elementary School Renovation 110,900 SF w/ 20 classrooms	$4,902,583.62	$36,861,531.00
Huerfano RE-1	New High School 55,998 SF w/ 21 classrooms	9,361,581.50	30,198,650.00
Johnstown-Milliken RE-5J	High School Conversion to Middle School 117,430 SF w//37 classrooms	20,670,141.44	39,750,272.00
Julesburg RE-1	New PK-12 School 75,500 SF w/ 27 classrooms	8,177,379.00	41,648,343.00
Rocky Ford R-2	PK-8 Addition and High School Renovation 94,608 SF w/ 38 classrooms	7,628,804.00	47,495,858.16
Thompson R2-J	Middle School Renovation and K-5 Addition to create K-8 108,090 SF w/ 30 classrooms	12,750,309.93	17,958,183.00
Total		$63,490,799.49	$213,912,837.16

[1] The respective amounts shown on this chart as Matching Moneys are required to be funded as described in APPENDIX G hereto by the related Series 2021S Participating K-12 Institution. See the form of 2021S Sublease "—Costs of Sublessee's Project" in APPENDIX B attached hereto. **Matching Moneys and other amounts deposited in the Assistance Fund do not directly secure payment of the Series 2021S 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 Colorado General Assembly to pay principal and interest on the Series 2021S 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 for a description of the Assistance Fund.**

Under the 2021S Subleases, the Series 2021S Participating K-12 Institutions will agree to construct and use the respective Series 2021S Projects in a manner which satisfies the restrictions of the Tax Code and the Act. In accordance with the terms of the 2021S Subleases between the State and the Series 2021S Participating K-12 Institutions, each of the Series 2021S Participating K-12 Institutions agrees to construct the respective facilities. In accordance with the 2021S Lease, the State has agreed to cause such Projects to be constructed by causing a Series 2021S Participating K-12 Institution to comply with its related 2021S Sublease, but no failure of the related Series 2021S Participating K-12 Institution to comply with the relevant provisions of its 2021S 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 2021S

Subleases and Matching Moneys" and "CERTAIN RISK FACTORS—Actions under the 2021S Subleases."

THE SERIES 2021S CERTIFICATES

The following is a summary of certain provisions of the Series 2021S Certificates during such time as the Series 2021S Certificates are subject to the DTC book-entry system. Reference is hereby made to the Master Indenture and the 2021S Supplemental Indenture, the forms of which are appended to this Official Statement, for the detailed provisions pertaining to the Series 2021S Certificates, including provisions applicable in the event of the discontinuance of participation in the DTC book-entry system.

Generally

The Series 2021S 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 2021S 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 2021S 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 2021S Certificates and will be payable semiannually on each March 15 and September 15, commencing March 15, 2022.

DTC Book-Entry System

The Series 2021S 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 2021S Certificates. Beneficial Ownership Interests in the Series 2021S 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 2021S Certificates will be payable by the Trustee, as paying agent for the Series 2021S Certificates, to Cede & Co., as the Owner of the Series 2021S 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 2021S 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 2021S

Certificates, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 of the Series 2021S Certificates. The Series 2021S 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, 2031, at a redemption price equal to the principal amount of the Series 2021S Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2021S Certificates maturing on March 15, 2046 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 2021S Certificates maturing on March 15, 2046 shall be selected for redemption on each mandatory sinking fund redemption date by lot from all remaining Series 2021S Certificates maturing on such date, rounded to the nearest Authorized Denomination.

Mandatory Sinking Fund Redemption Date (March 15)	**Principal Amount**
2042	$ 5,925,000
2043	4,460,000
2044	4,640,000
2045	5,430,000
2046*	59,580,000

* 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 2021S Certificates with the same maturity date as the Series 2021S 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 2021S Certificates with the same maturity date as the Series 2021S 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 2021S 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 2021S Certificates to be redeemed as part of such mandatory sinking fund redemption on such dates shall be accordingly reduced.

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, 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, 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 2021S Certificates called for redemption. The Trustee is required to pay to the Owners of Series 2021S Certificates so redeemed (initially Cede & Co.) the amounts due on the Series 2021S Certificates at the Operation Center of the Trustee upon presentation and surrender of the Series 2021S Certificates.

BASE RENT AND SERIES 2021S CERTIFICATES PAYMENT SCHEDULE

The following table sets forth the State's Base Rent obligations in connection with the 2021S Lease (which also constitutes the payment schedule for the Series 2021S 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 2021S 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 2021S Certificates Principal Component[1]	Base Rent Series 2021S Certificates Interest Component[1]	Prior Certificates Total Base Rent	Less Anticipated Federal Direct Payments[2]	Total Net Base Rent for All Certificates
2022	$ 6,115,000	$ 1,700,813	$ 93,364,801	$ (4,872,726)	$ 96,307,888
2023	1,505,000	6,072,300	93,328,404	(4,872,726)	96,032,978
2024	1,250,000	5,997,050	93,311,958	(4,872,726)	95,686,282
2025	1,375,000	5,934,550	93,297,772	(4,872,726)	95,734,596
2026	1,445,000	5,865,800	93,285,675	(4,872,726)	95,723,749
2027	1,530,000	5,793,550	93,260,165	(4,872,726)	95,710,989
2028	1,605,000	5,717,050	93,250,297	(4,872,726)	95,699,621
2029	1,690,000	5,636,800	88,362,317	--	95,689,117
2030	1,780,000	5,552,300	88,346,200	--	95,678,500
2031	2,150,000	5,463,300	85,459,570	--	93,072,870
2032	2,710,000	5,355,800	80,911,270	--	88,977,070
2033	3,695,000	5,220,300	78,636,741	--	87,552,041
2034	4,375,000	5,035,550	74,288,255	--	83,698,805
2035	4,920,000	4,816,800	72,019,295	--	81,756,095
2036	5,160,000	4,570,800	72,013,849	--	81,744,649
2037	5,370,000	4,364,400	72,000,988	--	81,735,388
2038	5,585,000	4,149,600	71,992,688	--	81,727,288
2039	5,805,000	3,926,200	67,940,475	--	77,671,675
2040	6,035,000	3,694,000	61,039,850	--	70,768,850
2041	6,280,000	3,452,600	56,504,663	--	66,237,263
2042	5,925,000	3,201,400	54,537,013	--	63,663,413
2043	4,460,000	2,964,400	54,537,400	--	61,961,800
2044	4,640,000	2,786,000	54,537,200	--	61,963,200
2045	5,430,000	2,600,400	53,934,400	--	61,964,800
2046	59,580,000	2,383,200	--	--	61,963,200
	$150,415,000	$112,254,963	$1,840,161,243	$(34,109,083)	$2,068,722,123

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[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 above assume a sequestration rate of 5.7% for all 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. The State has covenanted in the 2010D-F Lease to request the Federal Direct Payments from the United States Treasury, and the Trustee in such Lease has agreed to assist the State in doing so.

Source: Municipal Advisor.

SECURITY AND SOURCES OF PAYMENT

Payments by the State

The Series 2021S 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 under the caption "CERTAIN RISK FACTORS" and in the form of the 2021S 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, 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 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 the forms of the 2021S Lease, 2021S Site Leases, the 2021S Subleases, the Master Indenture and the 2021S Supplemental Indenture appended to this Official Statement.

Nonrenewal of the Lease Term

The State is not permitted to renew the Leases or any of them (including the 2021S 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 2021S 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*" below, 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*" 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 2021S Site Lease, the 2021S Lease, the 2021S Sublease, the Master Indenture and the 2021S Supplemental Indenture appended to this Official Statement.

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 2021S Site Lease, the 2021S Lease, the 2021S Sublease, the Master Indenture and the 2021S Supplemental Indenture appended to this Official Statement.

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 2021S 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 2021S Leased Property) unless the purchase option for all of the Leased Property has been exercised by the State. See "*State's Purchase Option*" below. 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" in this section. **Owners of the Series 2021S 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. See "APPENDIX H—LEASED PROPERTY RELATING

TO THE PRIOR CERTIFICATES" for a description of Projects constituting Leased Property, including Projects that have been cleared for occupancy and are currently in operation. In other cases, the Leased Property for a Participating K-12 Institution is comprised of existing facilities that were not financed with the Certificates.

Prior to the issuance of the Series 2021S Certificates, the State is required to certify and is expected to certify to the Trustee that the Fair Market Value of the 2021S Leased Property is at least equal to 90% of the principal amount of the Series 2021S Certificates. See "SECURITY AND SOURCES OF PAYMENT—Additional Series of Certificates." The following table describes the 2021S Leased Property subject to 2021S Site Leases between the Trustee and the respective 2021S Participating K-12 Institutions as indicated on the table:

2021S Leased Property

Participating K-12 Institutions	Description of Leased Property[1]	Land	Fair Market Value[2,3]
Fowler R-4J	Elementary School, Middle School and High School addition and land	9.439 acres	$39,317,768.59
Huerfano RE-1	New High School and Land	9.581 acres	30,824,419.05
Johnstown-Milliken RE-5J	New Addition and existing High School Athletic Wing and Land	1.007 acres	10,713,783.38
Julesburg RE-1	New PK-12 School and Land	17.79 acres	40,659,343.00
Rocky Ford R-2	PK-8 Addition, High School, Auxiliary and Warehouse Buildings, Vocational/Agricultural Building, Bus Shelter, Tractor Shed and Land	15.666 acres	58,460,109.16
Thompson R2-1	Laurene Edmondson Elementary School, two modular units and land	10.17 acres	7,140,021.00
Total			$187,115,444.18

[1] The 2021S Leased Property shown on this list, or any portion thereof, may be released and other property substituted therefor as described in "Substitution of Leased Property" under this caption. In some cases, the 2021S Leased Property is comprised of existing facilities which will not be wholly or partially financed with the proceeds of the Series 2021S Certificates.

[2] As defined in the Glossary included in the form of 2021S Supplemental Indenture attached as APPENDIX B hereto.

[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 2021S Supplemental Indenture attached as APPENDIX B hereto) and amounts that may be withdrawn from the Assistance Fund to fund construction of the related Project.

The 2021S Subleases and Matching Moneys

In connection with the execution and delivery of the Series 2021S Certificates, the State and each of the Series 2021S Participating K-12 Institutions is entering into a 2021S Sublease pursuant to which each of such Series 2021S Participating K-12 Institutions, as Sublessee, will agree, in exchange for use of a portion of the 2021S Leased Property, to pay (subject to their right not to appropriate) all Additional Rent due under the 2021S Lease with respect to such portion of the 2021S Leased Property and the Series 2021S

Certificates. The respective Series 2021S Participating K-12 Institution's obligations to pay such amounts under the 2021S Sublease are subject to annual appropriation by such Series 2021S Participating K-12 Institution. Pursuant to the 2021S Subleases, each of the Series 2021S Participating K-12 Institutions has agreed to maintain the respective 2021S Leased Property and to provide all insurance for such 2021S Leased Property as required by the 2021S Lease.

Certain Series 2021S 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 2021S 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 2021S Participating K-12 Institution, but Matching Moneys installment payments are subject to such annual appropriation.

The obligations and rights of a Series 2021S Participating K-12 Institution and the State with respect to the Series 2021S Participating K-12 Institution's Matching Moneys Bonds or installment payments are independent of the obligations of the Series 2021S Participating K-12 Institution, as Sublessee, and the rights of the State under the 2021S Subleases and, except as otherwise specifically provided in the related 2021S Sublease, (a) the obligations of the Series 2021S Participating K-12 Institution or its chartering entity and the rights of the State with respect to the Series 2021S Participating K-12 Institution's obligations under the Matching Moneys Bonds or installment payments will survive the termination of the 2021S Subleases, and (b) no failure to perform or other action of the State with respect to the 2021S Subleases will affect the State's rights to enforce the obligations of the Series 2021S 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 2021S 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 2021S 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 the forms of the 2021S Site Lease, the 2021S Lease, the 2021S Sublease, the Master Indenture and the 2021S Supplemental Indenture appended to this Official Statement. 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 2021S 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 Sublease. See such sections in the forms of the 2021S Lease and the 2021S Sublease appended to this Official Statement. 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 Leases 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 the forms of the 2021S 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 made an irrevocable election under the Tax Code so that the State would and 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, are 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 included in the annual budget proposal submitted to the General Assembly pursuant to the terms of the Leases is 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 are 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 are reduced by 5.7% in federal fiscal year 2021 as a result of sequestration.

Under a federal budget bill enacted in November 2015, the sequestration reduction will continue through federal fiscal year 2030. 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.

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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S Lease appended to this Official Statement.

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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 of the 2021S Lease captioned "Events of Default" and "—Remedies on Default" in the form of such document appended to this Official Statement and "THE SERIES 2021S 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 2021S 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 2021S 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 Series 2021S Certificates by the State or the Trustee.

Payment of the principal of and interest on the Series 2021S 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 2021S 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 2021S Certificates except from funds otherwise available to the Trustee under the Indenture. See also "SECURITY AND SOURCES OF PAYMENT."

Effects on the Series 2021S Certificates of a Nonrenewal Event

Bond Counsel has expressed no opinion as to the effect of any termination of the State's obligations under the 2021S Lease under certain circumstances as provided in the 2021S Lease upon the treatment for federal or State income tax purposes of any moneys received by the Owners of the Series 2021S Certificates subsequent to such termination. See "TAX MATTERS." If the 2021S 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 Series 2021S Certificates will be transferable without registration or a transactional exemption from registration under the federal securities laws following the termination of the 2021S 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 2021S Certificates at a price equal to the principal amount thereof outstanding. See "THE SERIES 2021S 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 2021S 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 2021S 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 2021S Certificate proceeds by private persons or businesses, within the meaning of applicable tax law, could adversely affect the federal tax treatment of Series 2021S Certificates.

State Budgets and Revenue Forecasts

The State Constitution requires that expenditures for any 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 (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 21, 2021 (the "OSPB September 2021 Revenue Forecast") and is included in this Official Statement. See "STATE FINANCIAL INFORMATION" and "APPENDIX F—OSPB SEPTEMBER 2021 REVENUE FORECAST." The next OSPB revenue forecast will be released in December 2021. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2021 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 "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."

Potential Impact of COVID-19 (Coronavirus)

The spread of a novel strain of coronavirus called COVID-19 is currently altering the behavior of businesses and people in a manner that is having significant negative effects on global, national, state, and local economies. State and local governments, including the State of Colorado, have announced orders, recommendations and other measures intended to slow the spread of COVID-19, including limiting the size of public gatherings and regulating public spaces in order to minimize interpersonal contact. These COVID-19 measures are changing rapidly.

Beginning in March 2020, Colorado Governor Polis has issued numerous public health orders pertaining to COVID-19. Certain material orders are described below. CDPHE provides information relating to COVID-19 and related developments in the State of Colorado on its website, covid19.colorado.gov. Reference to such website is presented herein for informational purposes only and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The primary current public health order of the Governor is Executive Order D 2020 235, issued October 30, 2020, expired on April 16, 2021 (the "Dial Framework Order"). The Dial Framework Order consolidates numerous prior orders which imposed various restrictions upon Colorado residents and businesses. The Dial Framework Order recognizes unique local circumstances and uses a five-level dial to visualize a community's success in containing the spread of COVID-19. On November 2, 2020, CDPHE issued Public Health Order 20-36, which sets forth the requirements for the implementation of the Dial Framework Order (together with the Dial Framework Order, the "Dial Orders"). Pursuant to the Dial Orders, each county or region is at one of five levels represented by colors on a dial: green, blue, yellow, orange and red. The CDPHE is directed to certify and review the process of moving counties between levels. Level Red requires residents to stay at home, and other levels require varying degrees of restrictions, depending on the level. In addition to the Dial Framework Order, Executive Order D 2020 138 (issued July 16, 2020, as amended on August 14, 2020, September 12, 2020, October 11, 2020, and November 2, 2020) (expired November 11, 2020).

Effective April 16, 2021, the COVID-19 Framework evolved into Public Health Order 20-38 that allows counties to implement regulations at the local level while still maintaining some limited requirements across the State, including requirements pertaining to skilled nursing facilities, face coverings and mass indoor gatherings. Counties may use the COVID-19 Dial Framework Order as a model for implementing their own regulations. On September 30, 2021, the Seventh Amended Public Health Order

20-38 Limited COVID-19 Restrictions, extends through October 31, 2021 ("7th Amended PHO 20-38"). The 7th Amended PHO 20-38 amends and supercedes prior public health orders and implements reduced restrictions for individuals, businesses and activities as well as reporting requirements for hospitals. In summary, it requires: state contractors entering state facilities to provide services to a client, patient, resident or youth living in the facility who have a medical or religious exemption from immunization approved by their employer to be tested for COVID-19 twice weekly, and excluded from the facility and required to isolate if they test positive; all other state contractors entering state facilities who are unvaccinated or not fully vaccinated or who have a medical or religious exemption from immunization approved by their employer to be tested for COVID-19 twice weekly, and excluded from the facility and required to isolate if they test positive; and, confirmation from state contractors that all state contract workers who are not fully vaccinated and are required to participate in twice weekly COVID-19 testing are doing so.

On October 31, 2021, the Colorado Department of Public Health and Environment announced amendments and extensions to two public health orders and issued a new public health order due to the continued rise in the number of COVID cases in Colorado, and as the State ensures that the COVID vaccine and boosters are accessible to all Coloradans.

Public Health Order 20-38 is amended for an eighth time and extended to December 1, 2021. Among other things, the order includes limited requirements for individuals and businesses to mitigate the spread of COVID-19 in Colorado. It requires face coverings in some settings; counties to meet certain metrics or be subject to requirements established by CDPHE; and, includes hospital reporting requirements regarding bed capacity to give the State critical information to assess the statewide capacity to provide necessary medical care and services to Coloradans.

Public Health Order 21-01 is amended for a second time and extended to run concurrently with Executive Order D 2021 122 to thirty days from October 31, 2021. It now includes a provision requiring COVID vaccine providers to administer second shots and any additional or booster shots regardless of where an individual received prior vaccinations. It also requires COVID vaccine providers to administer the vaccine to any individual who self-attests that they meet the criteria approved by the Food and Drug Administration and recommended by the Centers for Disease Control and requires COVID vaccine administrators to submit vaccination and demographic data to CDPHE within 48 hours of administration.

Finally, new Public Health Order 21-02 expires on December 1, 2021, and seeks to give hospitals greater capacity to serve Coloradans during the pandemic. It requires hospitals, hospital-owned ambulatory surgical centers, and outpatient surgery centers to delay certain elective procedures, including cosmetic procedures, for up to six months if the delay would not cause harm to life, limb or function. It also authorizes the transfer of patients from hospital settings.

On October 3, 2021, the Governor issued Executive Order D 2021 132 (that amends and extends prior Executive Orders) declaring a disaster emergency pursuant to the Colorado Disaster Emergency Act (Section 24-33.5-701, et seq., C.R.S.), thereby triggering certain provisions under State law, including the use of the emergency reserve mandated by the Taxpayer's Bill of Rights or "TABOR." Collectively, these Executive Orders also directed the use of various State funds for disaster emergency response purposes.

According to the OSPB September 2021 Revenue Forecast, Colorado's labor force participation rate was at 68.2 percent in February 2020, dropped to 64.9 percent at the start of the pandemic and has rebounded to 68.3 percent as of August 2021. Also, the national unemployment rate was 5.2 percent and Colorado's was 5.9 percent in August 2021. On October 28, 2020, Governor Polis issued Executive Order D 2020 230, which directed the Unemployment Insurance Division to make one-time direct stimulus payments of $375 to all qualifying individuals. The payments are to be processed by December 4, 2020 from the various fund transfers, totaling $168 million from the State Disaster Emergency Fund. Further, on November 5, 2020, Governor Polis issued Executive Order D 2020-242, which extends the expedited unemployment insurance claim processing to provide relief to Coloradans affected by COVID-19.

The General Assembly took a variety of steps to reduce spending in the fiscal years ending June 30, 2020 and June 30, 2021 to develop a balanced budget for the fiscal year ending June 30, 2021 based on the May 2020 Revenue Forecast. The OSPB September 2021 Revenue Forecast, APPENDIX F, explicitly incorporates the potential impact of COVID-19 in the assumptions used as the basis for its forecast. General Fund Revenue is forecasted to have increased by 10.7% in the fiscal year ended June 30, 2021 (as compared to General Fund Revenues for the Fiscal Year ended June 30, 2020), to increase by 7.3% in the Fiscal Year ending June 30, 2022 (as compared to General Fund Revenues forecasted for the Fiscal Year ended June 30, 2021), and to increase by 3.9% in the fiscal year ending June 30, 2023 (as compared to General Fund Revenues forecasted for the fiscal year ending June 30, 2022). Previously the OSPB September 2020 Revenue Forecast had forecasted significantly lower revenues to the State General Fund than both the revenue forecast in the OSPB December 2019 Revenue Forecast and the OSPB March 2020 Revenue Forecast for the fiscal years ending June 30, 2021 through June 30, 2022. However, the OSPB September 2020 Revenue Forecast had forecasted revenues to the State General Fund greater than those forecast in the OSPB May 2020 Revenue Forecast. As a result of these earlier forecasts, in an effort to reduce State expenses, on September 22, 2020, the Governor announced that, except for certain exempt employees, all State employees making $50,000 or more will be required to take 1 to 4 furlough days before the end of 2020. The number of furlough days required to be taken by a State employee will depend upon such employee's salary, with those employees with higher salaries being required to take more furlough days. The combined effect of the State's budget reduction measures and the increased General Fund Revenues forecast in the OSPB September 2020 Revenue Forecast resulted in the State having revenues in excess of those in the fiscal year 2020-2021 budget that by law, rolled forward to successive budget years. See "APPENDIX E—THE STATE GENERAL FUND." Investors are encouraged to review both APPENDIX E and APPENDIX F in their entirety.

In addition to initially lost State revenues, the State is continuing to incur significant expenses in healthcare costs attributable to (a) expanded testing of vulnerable populations, (b) scaling up epidemiology and contact tracing, (c) increasing testing capacity at the State Lab, including new equipment, supplies and personnel and (d) improving coordination to rapidly respond to and contain disease outbreaks. The State's emergency funding plan entails progressively identifying funding by source. First, agencies and the Governor's office have been identifying all available federal funds to cover COVID-19 response, including, but not limited to, the Family First Coronavirus Response Act (HR 6201), the CARES Act (HR 748) and the Paycheck Protection Program and Health Care Enhancement Act (HR 266). Second, for costs not able to be covered by federal funds, State agencies and the Governor's Office plan to use the State emergency funds. Finally, agencies have been working with the OSPB and the Joint Budget Committee of the General Assembly to identify needs as part of the regular budget and planning process. On May 18, 2020, the Governor announced the allocation of $1.674 billion in federal funds under the CARES Act. Such allocation includes, but is not limited to: $205 million to local public health agencies for COVID-19 response; $500 million to local school districts to increase free instructional hours for kindergarten through 12th grade; $450 million to public institutions of higher education to increase student retention and completions; $275 million to local governments to facilitate compliance with COVID-19-related public health measures; and $85 million for payroll expenses and other necessary State expenditures for employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency. As of May 11, 2020, the OSPB estimated that the State has over $101 million and $197 million in its Disaster Emergency Fund and State Emergency Fund, respectively. The State anticipates that it will receive additional federal funds and that it will need to make withdrawals from State emergency funds in the future. However, due in part to their interrelationship, it is not possible to predict with any certainty at this point the timing and amounts of such receipts or withdrawals. Including the May announcement, the

State has received approximately $2.9 billion in federal funds from four different bills passed by Congress since March, including the Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First Coronavirus Response Act, the CARES Act, and the Paycheck Protection Program and Health Care Enhancement Act. The largest of these was the CARES Act, under which Colorado received $2.3 billion, including $1.7 billion to the State and $0.6 billion directly to the State's largest counties with populations over 500,000 (the counties of Adams, Arapahoe, Denver, El Paso, and Jefferson). The Governor also signed Executive Order D 2020 070 which allocated $1.7 billion to different departments, funds, payrolls, and the General Fund to address the COVID-19 pandemic. These funds were required to be used in compliance with federal Treasury guidance and frequently asked questions, and were spent between March 1, 2020, and December 30, 2020.

The State Treasurer is closely monitoring the General Fund cash flows and will evaluate potential cash management options, as necessary. There can be no assurances that the fiscal stress and cash pressures currently facing the State will not continue or become more difficult.

The State cannot predict (i) the duration or extent of the COVID-19 pandemic; (ii) the duration or expansion of related business closings, public health orders, regulations and legislation; and (iii) the extent to which, or the negative effect the COVID-19 pandemic will continue to have on global, national and local economies, including whether a recession may be triggered. While it is too early to determine with any confidence the possible full extent of the effect of COVID-19 on the State, the General Fund or the Assistance Fund, such impact is expected to be significant and to have a material adverse effect on the State's finances. Accordingly, the impact of COVID-19 could have a negative effect on the ability of the General Assembly to make payments under the 2021S Lease.

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 attached in APPENDIX B hereto. The interests of Owners of the Series 2021S 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 Technology ("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. On October 7, 2020, the Colorado Department of Personnel & Administration ("DPA") became aware that a spreadsheet containing state employee personal information, including social security numbers, dates of birth, and other similar information, was inadvertently emailed to 38 benefit administrators at certain institutions of higher education. Upon learning this information, DPA requested the recipients delete the email and spreadsheet and confirm that they had done so. The email was delivered in encrypted fashion, so DPA believes the information was protected while in transit. DPA has stated that it has no evidence that employee information was misused or compromised in any fashion. Affected employees were notified and given information to take action to protect themselves against identity theft. In addition, 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. In addition, 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.

Secondary Market

While the Underwriters expect, insofar as possible, to maintain a secondary market in the Series 2021S Certificates, no assurance can be given concerning the future existence of such a secondary market or its maintenance by the Underwriters or others, and prospective purchasers of the Series 2021S Certificates should therefore be prepared, if necessary, to hold their Series 2021S Certificates to maturity or prior redemption, if any.

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, 2020" AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021 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, 2020," AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021" "APPENDIX E—THE STATE GENERAL FUND," "APPENDIX F—OSPB SEPTEMBER 2021 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. Unless otherwise noted, historical financial, economic, and demographic data contained herein does not reflect the impact of COVID-19.

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 2021-22 and 2022-23 have been estimated in the OSPB September 2021 Revenue Forecast to be $479.7 million and $501.2 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 (determined as the percentage change in U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index) 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, C.R.S. and 24-77-106.5, 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. Subsequently, the passage of SB 21-260 raised the ESRC to its pre-SB 17-267 levels, adjusted for inflation and population growth since the passage of SB 17-267.

SB 17-267 also (i) terminated the Hospital Provider Fee program and implemented 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 $150.0 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. In Fiscal Year 2019-20, TABOR revenues exceeded the TABOR limit, but were below the ESRC. In Fiscal Year 2020-21, TABOR revenues exceeded the TABOR limit, and were above the ESRC. The OSPB September 2021 Revenue Forecast states that TABOR revenues are forecasted to exceed the ESRC in Fiscal Years 2021-22 and 2022-23.

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 for qualifying seniors and disabled veterans. See also APPENDIX E—"THE STATE GENERAL FUND—General Fund Overview."

Referendum C also creates 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. House Bill ("HB") 15-1367, which referred the measure to the State's voters (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 September 2020 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 Lease 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 2021 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 fees 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 2014-15 and thereafter. See also "APPENDIX E—THE STATE GENERAL FUND—General Fund Overview."

State of Colorado
Unappropriated Reserve Requirement

Fiscal Years	Unappropriated Reserve Requirement[1,2,3,4]
2016-17	6.00%
2017-18	6.50
2018-19	7.25
2019-20	3.07
2020-21	2.86
2021-22	13.40

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[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 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."

[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 requirement.

[4] Per HB 20-1383 and SB 21-226, the Unappropriated Reserve requirement was reduced to 3.07% for Fiscal Year 2019-20, 2.86% for Fiscal Year 2020-21, 13.40% for Fiscal Year 2021-22 and 15.00% for Fiscal Years 2022-23 and thereafter.

See also generally "APPENDIX E—THE STATE GENERAL FUND—General Fund Overview—Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX F—OSPB SEPTEMBER 2021 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 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" in this section 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 have statutory responsibility for reviewing each commitment voucher submitted to determine whether the proposed expenditure is authorized by appropriation, whether the appropriation contains sufficient funds to pay the expenditure and whether the prices are fair and reasonable. 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 "ACFR," in accordance with generally accepted accounting principles ("GAAP") applicable to governmental entities, with certain statutory exceptions for budget compliance and reporting. The State's ACFR for Fiscal Year 2019-20 ACFR (the "Fiscal Year 2019-20 ACFR") is appended to this Official Statement and includes the most current annual financial statements for the State.

Basis of Accounting

For a detailed description of the State's basis of accounting, see Note 1E to the financial statements in both the State's Fiscal Year 2019-20 ACFR and State Fiscal Year 2020-21 Basic Financial Statements ("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 cash flow schedules include all financial activity reported specifically in the General Purpose Revenue Fund on a cash basis, while 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, fees 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 fees rather than to the general taxing power of the State. See also "APPENDIX E—THE STATE GENERAL FUND"—General" for a discussion of the distinction between the statutory General Fund and the GAAP General Fund.

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, 2026. 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 2019-20 ACFR, including the State Auditor's Opinion thereon, and the State's unaudited Fiscal Year 2019-21 BFS are appended to this Official Statement as APPENDIX A. 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 Fiscal Year 2019-20 ACFR, nor has the State Auditor performed any procedures relating to this Official Statement or the Fiscal Year 2020-21 BFS.

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 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 both the State's Fiscal Year 2019-20 ACFR and the State's Fiscal Year 2021-22 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. To make the distinction between the statutory General Fund and the GAAP General Fund, the ACFR 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 2021S Certificates will have, no outstanding general obligation debt.

Governmental Activities. 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 2019-20 ACFR appended to this for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2020, as well as the aggregate minimum lease payments due under such lease-purchase entered into by the State for Fiscal Years 2019-20 and thereafter, and also Note 21 to the Fiscal Year 2019-20 ACFR for a discussion of lease-purchase agreements entered into by the State June 30, 2020, but before publication of the Fiscal Year 2019-20 ACFR. On June 2, 2020, the State issued its Rural Colorado Certificates of Participation Series 2020A in the aggregate principal amount of $500,000,000, that are paid and secured by certain payments made by the State pursuant to a lease purchase agreement. The State also issued its Colorado Department of Transportation Second Amended and Restated Headquarters Facilities Lease Purchase Agreement Refunding Certificates of Participation Series 2020 in the aggregate principal amount of $19,050,000 on August 5, 2020, which are paid and secured by certain payments made by the State, acting by and through the Colorado Department of Transportation, pursuant to a lease purchase agreement. On October 14, 2020, the State issued its National Western Center Certificates of Participation Series 2020A (Tax-Exempt) in the aggregate principal amount of $68,670,000 and its National Western Center Certificates of Participation Series 2020B (Taxable) in the aggregate principal amount of $44,225,000 which are paid and secured by certain payments made by the State pursuant to a lease purchase agreement. On February 24, 2021, the State issued its State of Colorado Higher Education Lease Purchase Financing Program Certificates of Participation Series 2020 in the aggregate principal amount of $64,250,000. On June 2, 2021, the State also issued its Rural Colorado Certificates of Participation Series 2021A in the aggregate principal amount of $500,000,000, that are paid and secured by certain payments made by the State pursuant to a lease purchase agreement.

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 to the State's Fiscal Year 2019-20 ACFR appended to this Official Statement for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2020 as well as the aggregate minimum payment obligations under such agreements in Fiscal Year 2019-20 and thereafter.

State departments and agencies, including State institutions of higher education, are also authorized to and have entered into annually renewable lease purchase agreements, and to issue revenue bonds and notes, for the purchase of equipment, the construction of facilities and infrastructure and other business-type activities. 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 to the State's Fiscal Year 2019-20 ACFR appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2020, and of those issued after June 30, 2020, but before publication of the Fiscal Year 2019-20 ACFR. The revenue bonds and certificates of participation, some of which have been financed by the sale of certificates of participation in the revenues of the related lease purchase agreements, have in most cases been publicly offered, while the notes have generally been issued through private negotiation 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 to the State's Fiscal Year 2019-20 ACFR appended to this Official Statement.

See also the Statistical Section of the State's Fiscal Year 2019-20 ACFR 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 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.

On January 28, 2021, the State issued $390 million in aggregate principal amount of its Education Loan Program Tax and Revenue Anticipation Notes, Series 2020B in order to meet cash flow shortages experienced by local school districts in the State. On July 20, 2021, the State issued $370 million in aggregate principal amount of its Education Loan Program Tax and Revenue Anticipation Notes, Series 2021A.

See also the Statistical Section of the State's Fiscal Year 2019-20 ACFR 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 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. State employees may also elect to participate in a limited healthcare 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, the limited healthcare plan and PERA, see Notes 6, 7 and 8 to both the State's Fiscal Year 2019-20 ACFR and Fiscal Year 2020-21 BFS appended to this Official Statement, as well as PERA's Comprehensive Annual Financial Report for calendar year 2020 (the "PERA 2020 Annual Report"). The information in the State's Fiscal Year 2019-20 ACFR regarding PERA is derived from the PERA 2020 Annual Report.

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 with in the 30-year funding goal. Previously, such adjustments required action by the General Assembly.

The PERA 2020 Annual Report reports that at December 31, 2020, the actuarial value of assets of the State Division Plan was approximately $16.039 billion and the actuarial accrued liability, or "AAL," of the Plan was approximately $27.117 billion, resulting in an unfunded actuarial accrued liability, or "UAAL,'' approximately $11.078 billion, a funded ratio of 59.1 % 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, 2020, the Plan had an unfunded actuarial accrued liability of approximately $9.457 billion and a funded ratio of 65.1%.

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 establishes 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, 2020, taking into account the changes made by SB 18-200, the Health Care Trust Fund had an unfunded actuarial accrued liability of approximately $987.635 million, a funded ratio of 30.3% and a 20-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 2020 Annual Report 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 ACFR"). GASB 68 revises and establishes 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 Fiscal Year 2019-20 ACFR of approximately $11.285 billion at June 30, 2020, compared to a reported net pension liability in the State's Fiscal Year 2018-19 ACFR of approximately $13.531 billion at June 30, 2019. 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, 2013-2019, 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 Fiscal Year 2019-20 ACFR. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis in the State's Fiscal Year 2019-20 ACFR and Notes 1, 6, 7 and to the Financial Statements in the State's Fiscal Year 2019-20 ACFR, 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 will be first implemented in the State's Fiscal Year 2018-19 ACFR. 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 will also be 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 2019-20 ACFR 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 and the State's Fiscal Year 2019-20 ACFR and the State's Fiscal Year 2020-21 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 2021S 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 2021S Certificates or questioning or affecting the validity of the Series 2021S 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 both the State's Fiscal Year 2019-20 ACFR and the State's Fiscal Year 2020-21 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.

LEGAL MATTERS

Legal matters relating to the validity of the Series 2021S Certificates are subject to the approving opinion of Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel, which will be delivered with the Series 2021S Certificates, a form of which is attached hereto as "APPENDIX D—FORM OF OPINION OF BOND COUNSEL." Tate Law, 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, Denver, Colorado, has acted as counsel to the Underwriters in connection with the execution and delivery of the Series 2021S Certificates. Payment of legal fees to Bond Counsel and Special Counsel are contingent upon the sale and delivery of the Series 2021S Certificates.

TAX MATTERS

In General

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, the portion of the Base Rate paid by the State which is designated and paid as interest on the Series 2021S Certificates (referred to in this section as "interest") is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, interest on the Series 2021S Certificates is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code and interest on the Series 2021S Certificates is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Series 2021S Certificates. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Series 2021S Certificates only to the extent such original issue discount is accrued as described herein. The opinion of Bond Counsel does not cover the treatment for federal or Colorado income tax purposes of any moneys received in payment of or in respect to the Series 2021S Certificates subsequent to the occurrence of an Event of Default or an Event of Nonappropriation.

The Tax Code and Colorado law impose several requirements which must be met with respect to the Series 2021S Certificates in order for the interest thereon to be excluded from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Series 2021S Certificates. These requirements include: (a) limitations as to the use of proceeds of the Series 2021S Certificates; (b) limitations on the extent to which proceeds of the Series 2021S Certificates may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2021S Certificates above the yield on the Series 2021S Certificates to be paid to the United States Treasury. The Trustee will covenant and represent in the Master Indenture, and the State will covenant and represent in the 2021S Lease, that they will take all steps to comply with the requirements of the Tax Code and Colorado law (in effect on the date of delivery of the Series 2021S Certificates) to the extent necessary to maintain the exclusion of interest on the Series 2021S Certificates from gross income and alternative minimum taxable income under such federal income tax laws and Colorado taxable income and Colorado alternative minimum taxable income under such Colorado income tax laws. Bond Counsel's opinion as to the exclusion of interest on the Series 2021S Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the State to comply with these requirements could cause the interest on the Series 2021S Certificates to be included in gross income, alternative minimum taxable income, Colorado taxable income or Colorado alternative minimum taxable income, or a combination thereof, from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the State and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2021S Certificates. Owners of the Series 2021S Certificates should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and Colorado tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Series 2021S Certificates made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Series 2021S Certificates may be sold at a premium, representing a difference between the original offering price of those Series 2021S Certificates and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the Series 2021S Certificates from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2021S Certificates. Owners of the Series 2021S Certificates should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Series 2021S Certificates. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Series 2021S Certificates, the exclusion of interest on the Series 2021S Certificates from gross income or alternative minimum taxable income or both from the date of issuance of the Series 2021S Certificates or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Series 2021S Certificates. Owners of the Series 2021S Certificates are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2021S Certificates. If an audit is commenced, the market value of the Series 2021S Certificates may be adversely affected. Under current audit procedures, the Service will treat the State as the taxpayer and the Owners may have no right to participate in such procedures. The State has covenanted in the 2021S Lease not to take any action that would cause the interest on the Series 2021S Certificates to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the State, the Underwriters, the Municipal Advisor, Bond Counsel or Special Counsel is responsible for paying or reimbursing any holder of the 2021S Certificates with respect to any audit or litigation costs relating to the Series 2021S Certificates.

UNDERWRITING

The Series 2021S Certificates are to be purchased by the Underwriters listed on the front cover page of this Official Statement at a price equal to $178,054,439.62 (representing the aggregate principal amount of the Series 2021S Certificates of $150,415,000 plus original issue premium of $28,119,630.40 and less an aggregate underwriting discount of $480,190.78). The Underwriters have agreed to accept delivery of and pay for all the Series 2021S 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 2021S Certificates, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Series 2021S Certificates to certain dealers (including dealers depositing such Series 2021S 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, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed and may in the future perform, various investment banking services for the State for which they received or will receive customary fees and expenses. In the ordinary course of various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own accounts and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the State.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2021S Certificates, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2021S Certificates from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2021S Certificates that such firm sells.

Citigroup Global Markets Inc., an underwriter of the Series 2021S Certificates, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, "Fidelity"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Stifel, Nicolaus & Company, Incorporated ("Stifel"), as underwriter of the Series 2021S Certificates, has entered into an agreement with its affiliate, Vining-Sparks IBG, LLC for the distribution of certain municipal securities offerings at the original issue price. Pursuant to that distribution agreement, Vining- Sparks may purchase Series 2021S Certificates from Stifel at the original issue price less a negotiated portion of the selling concession applicable to any Series 2021S Certificates that Vining-Sparks sells.

RATINGS

Moody's Investors Service has assigned the Series 2021S Certificates a rating of "Aa2", and Standard & Poor's Ratings Services has assigned the Series 2021S Certificates a rating of "AA-". 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 2021S Certificates and the 2021S Leased Property, 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. A securities rating is not a recommendation to buy, sell or hold securities **and may be subject to revision or withdrawal at any time**. 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 2021S Certificates. Neither the State, the Municipal Advisor (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 (the "Municipal Advisor") in connection with the Series 2021S Certificates and with respect to the authorization, execution and delivery of the Series 2021S Certificates. *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 2021S 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 2021S 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, 2020, and (b) notices of the occurrence of certain events affecting the State and the Certificates within ten business days of their occurrence. See "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 2021S 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 determined that during the previous five years, the State Treasurer and certain other State departments or agencies have not complied in all material respects with 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

Partially in response to the foregoing, the State Treasurer requested and the General Assembly enacted legislation in 2012 to provide the State Treasurer with 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 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.

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 carried 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 instances of material noncompliance with such continuing disclosure undertakings. Instances of material noncompliance discovered by the State Treasurer's office have been addressed by making appropriate corrective filings or taking other remedial actions, either directly or by DAC Bond. The State also participated in the SEC's Municipal Continuing Disclosure Cooperation Initiative discussed in "MCDC Settlement Order with Securities and Exchange Commission" hereafter.

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 ACFR 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 ACFR 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. Notice of such noncompliance was posted on EMMA on January 16, 2017, and the State's unaudited Basic Financial Statements for Fiscal Year 2015-16 and the State's Fiscal Year 2015-16 ACFR were posted on EMMA on January 16, 2017, and March 8, 2017, respectively. The State was also unable to post its Fiscal Year 2016-17 audited financial statements on EMMA by January 26, 2018, as required by such continuing disclosure undertakings. 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 ACFR were posted on EMMA on January 9, 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 ACFRs for Fiscal Years 2014-15 and 2015-16 were eventually 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 December 2015 and March 2016 revenue forecasts were 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 forecasts, together with the revenue forecasts, were posted on EMMA on May 16, 2016.

Due to a late journal entry by a department, the State Fiscal Year 2019-20 ACFR was not released and posted on EMMA until March 16, 2021, resulting in a late filing of the audited annual financial statements for some of the State's outstanding issues. The State filed a Failure to Provide Annual Financial Information as Required Filing on January 26, 2021, with EMMA. On November 9, 2021, the State filed a Notice of Financial Obligation – Incurrence and Agreement and the related fourth supplemental mortgage and indenture of trust on EMMA. The filing was in addition and with respect to, among other filings, an Other Event-Based Disclosures filing on EMMA on September 24, 2021 with respect to the defeasance and redemption of prior series of certificates of participation for UCDHSC Fitzsimons Academic Projects for which notices of defeasance and redemption, notice of amendment to indenture and release of a lease purchase agreement were previously filed by the trustee bank.

MCDC Settlement Order with Securities and Exchange Commission

In March of 2014, the Securities and Exchange Commission (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 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 has 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 to the SEC dated August 22, 2017, the State Treasurer stated that written policies and procedures and periodic training regarding continuing disclosure obligations to effect compliance have been implemented. The State Treasurer also stated 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 comply with the Order and to ensure filings are done in accordance with its continuing disclosure agreements.

Additional Information

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 2021S 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: /s/ David L. Young
Treasurer, State of Colorado

APPENDIX A

STATE OF COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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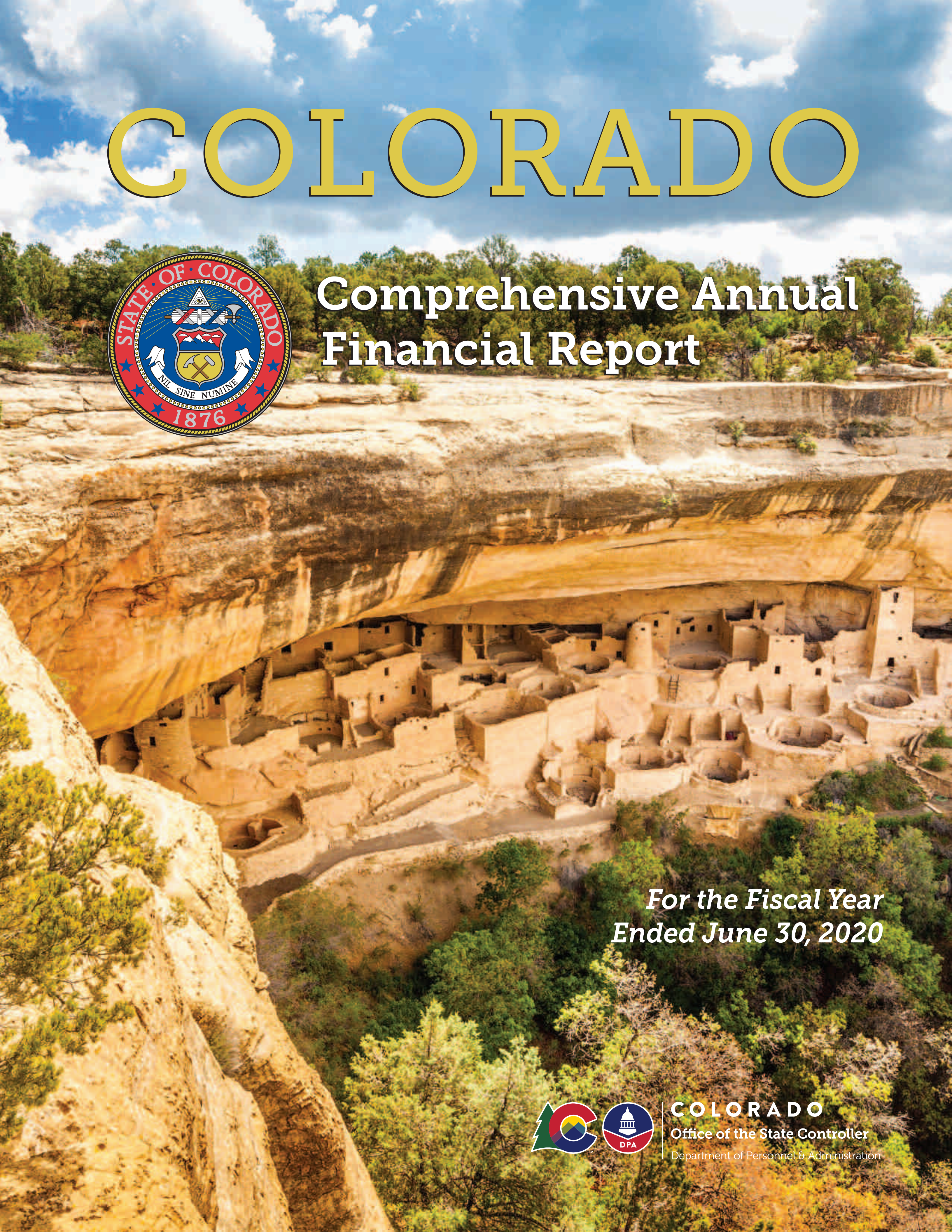

COLORADO

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

COLORADO
Office of the State Controller
Department of Personnel & Administration

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

Jared S. Polis
Governor

Department of Personnel & Administration

Kara Veitch
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, 2020

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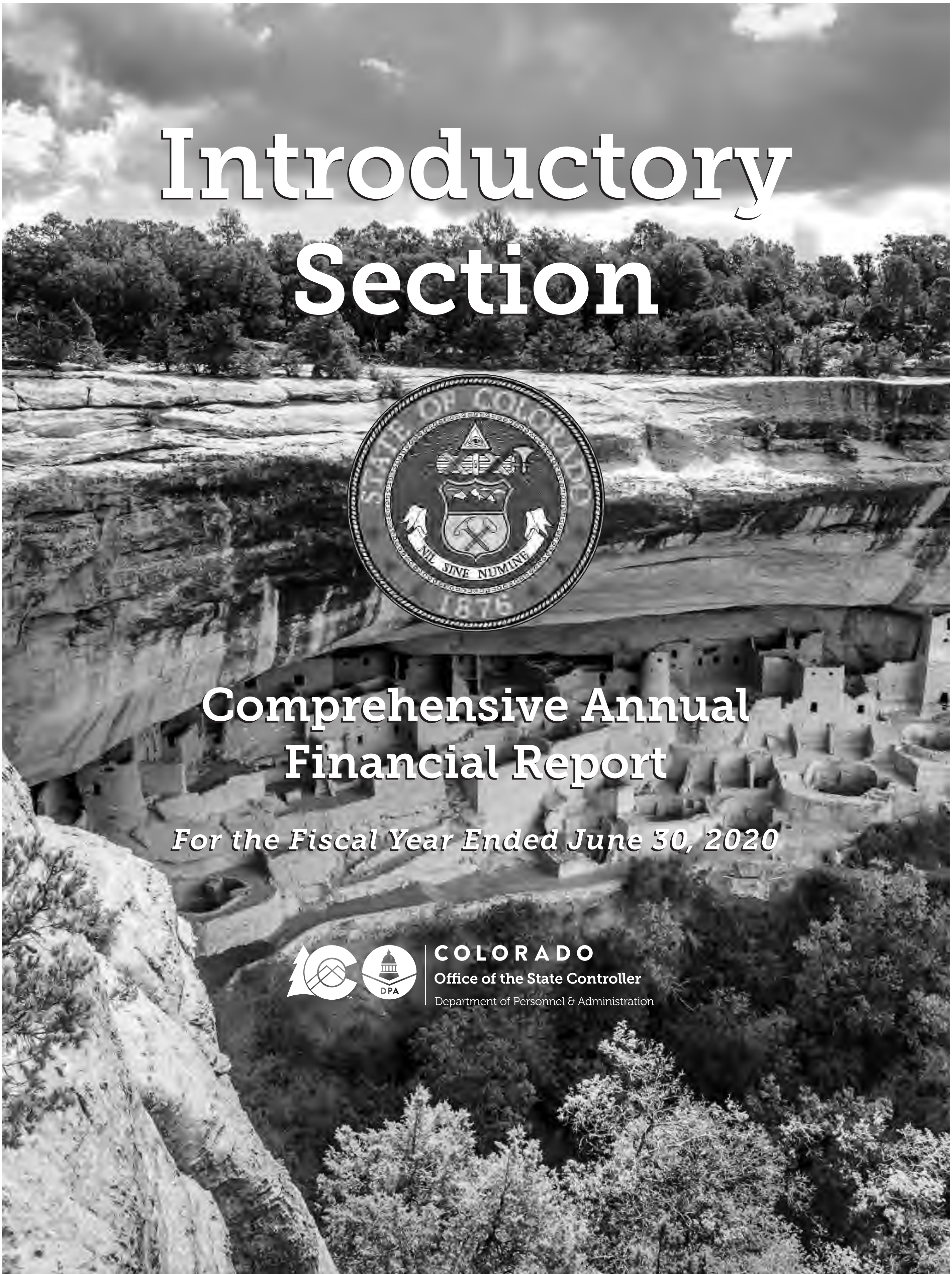


Introductory Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

COLORADO
Office of the State Controller
Department of Personnel & Administration

COLORADO
Office of the State Controller
Department of Personnel & Administration
1525 Sherman St., 5th Floor
Denver, CO 80203

March 5, 2021

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, 2020. 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, certain narrative information that describes the individual fund, 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 unmodified opinions on all opinion units except for the Unemployment Insurance Fund and the related Business-Type Activities, on which disclaimers of opinion were issued. The State of Colorado experienced a significant increase in Unemployment Insurance claims related to the COVID-19 pandemic, and could not establish reliable estimated accruals related to the unprecedented number of claims. 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 5,814,000 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, or blended 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
    - Other Component Units (nonmajor):
        - Denver Metropolitan Major League Baseball Stadium District
        - HLC @ Metro, Inc.
        - Statewide Internet Portal Authority
- Blended Component Units:
    - University Physicians Inc., d/b/a CU Medicine
    - 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.

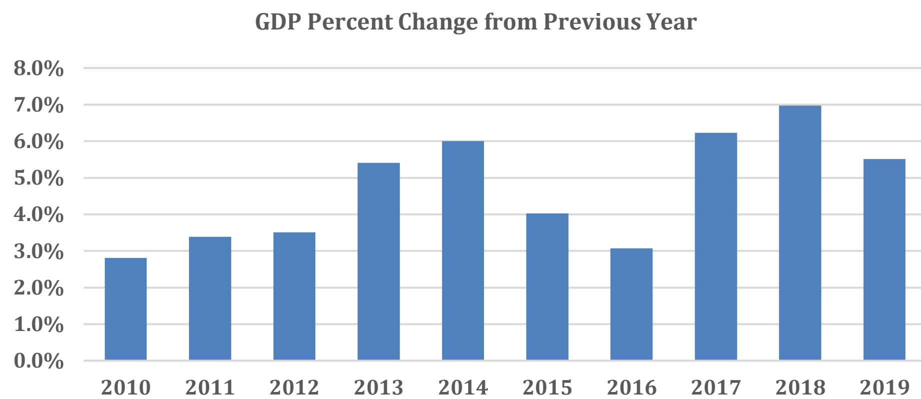
For the most part, operating appropriations lapse at the end of the fiscal year unless the State Controller approves, at a line item level, an appropriation roll-forward based on express legislative direction or extenuating circumstances. The State Controller may also, at a line item level and with the 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.

ECONOMIC CONDITION AND OUTLOOK

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 2020; General Fund revenues increased by $619 million (5.0 percent) from the prior year. Historically, Colorado economic activity and in-migration have been interdependent. Net migration has averaged approximately 55,000 from 2015 to 2019. Net migration has decreased over this period from approximately 71,600 (2015) to 43,300 (2019) and is projected to be 35,100 and 30,000 for 2020 and 2021, respectively.

The chart below shows the percent change from the previous year of Colorado's gross domestic product (GDP) for the years 2010 to 2019. According to the Bureau of Economic Analysis (BEA), the GDP has consistently increased over the last ten years. Colorado's 2019 GDP of $392,986 million is a 5.5 percent increase from 2018 and a 58.0 percent increase from 2009.



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 2009 and 2019. Over this ten-year period, the industry profile of the State's GDP has been stable, with growth across most industries.

Industry	2009 GDP (millions)	2009 Percent of Total	2019 GDP (millions)	2019 Percent of Total
Finance, Insurance, Real Estate, Rental, and Leasing	$ 47,501.4	19.2 %	$ 80,882.0	20.5 %
Professional and Business Services	34,876.1	14.0	59,286.6	15.1
Government and Government Enterprises	32,865.2	13.2	47,449.2	12.1
Educational Services, Health Care, and Social Assistance	17,690.1	7.1	27,816.4	7.1
Manufacturing	19,855.2	8.0	26,523.7	6.7
Information	18,633.8	7.5	22,844.8	5.8
Wholesale Trade	13,403.3	5.4	21,936.9	5.6
Construction	11,463.6	4.6	22,845.1	5.8
Retail Trade	13,617.8	5.5	20,433.4	5.2
Arts, Entertainment, Recreation, Accommodation, and Food Services	10,404.6	4.2	20,168.3	5.1
Transportation and Warehousing	6,537.2	2.6	14,574.6	3.7
Mining, Quarrying, and Oil and Gas Extraction	10,666.4	4.3	12,074.8	3.1
Other Services (Except Government and Government Enterprises)	5,815.1	2.3	8,954.5	2.3
Utilities	3,297.9	1.3	4,225.3	1.1
Agriculture, Forestry, Fishing and Hunting	2,041.4	0.8	2,970.4	0.8
All Industry Total	$ 248,669.1		$ 392,986.0	

The Governor's Office of State Planning and Budgeting (OSPB) described Colorado's economic outlook in the December 2020 *Colorado Economic and Fiscal Outlook*:

"*Despite improvement over the fall, Colorado's economic activity remains below pre-COVID levels. The outlook for the winter months has weakened as higher COVID caseloads have resulted in more public health restrictions on businesses, while winter weather limits outdoor dining. Though weekly initial unemployment claims remain far below the levels of March and April, they have more than tripled since September and are expected to remain elevated through the winter months. Despite this, the outlook for 2021 has improved due to high savings and wealth and the distribution of the vaccine.*"

The OSPB has made the following calendar year forecasts for Colorado's major economic variables:

- Unemployment will average 7.0 percent for 2020 compared with 2.8 and 3.2 percent in 2019 and 2018, respectively, and is expected to decrease to 5.7 percent in 2021.
- Wages and salary income will decrease by 0.3 percent in 2020, but will increase by 3.7 percent and 4.4 percent in 2021 and 2022, respectively.
- Total personal income will increase by 6.2 percent in 2020 and will increase by 1.6 percent 3.6 percent in 2021 and 2022, respectively.
- Inflation, measured by the Denver-Aurora-Lakewood Consumer Price Index, will be 2.3 percent in 2020 and 2.5 percent in 2021.

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

House Bill 20-1383, enacted in 2020, temporarily reduces the State's General Fund reserve percentage. For Fiscal Year 2020, the reserve requirement was reduced from 7.25 percent to 3.07 percent. For Fiscal Years 2021 and 2022, the bill reduces the reserve requirement to 2.86 percent and restores the reserve requirement to 7.25 percent for Fiscal Year 2023 and subsequent years. The temporary reductions were enacted to increase General Fund discretionary appropriations in response to budgetary challenges related to the COVID-19 emergency.

Senate Bill 18-200, enacted in 2018, addressed underfunded obligations of the Public Employees' Retirement Association (PERA), which provides benefits to state and local government retirees. The bill makes several provisions, including a recurring direct distribution to PERA of $225 million per year and changes to contribution rates, formulas for calculating benefits, and cost of living allowances. With the enactment 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. House Bill 20-1379 suspended the direct distribution for Fiscal Year 2021, but the direct distribution will resume in fiscal years thereafter.

Section 24-30-1310, C.R.S., provides an on-going funding mechanism for capital construction, controlled maintenance, and capital renewal. Over the depreciable life of capital assets that are acquired, constructed, or maintained, an amount equivalent to depreciation is annually transferred to a capital reserve account, the capital construction fund, or the controlled maintenance fund to be utilized for future capital expenditures.

The State received about $2.9 billion in federal funds from four different bills passed by Congress since March 2020 including the Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First Coronavirus Response Act, the CARES Act, and the Paycheck Protection Program and Health Care Enhancement Act. The largest of these was the CARES Act, under which the State received $2.3 billion, including $1.7 billion to the State and $0.6 billion directly to the State's largest counties with population over 500,000 (the counties of Adams, Arapahoe, Denver, El Paso, and Jefferson). The Governor also signed Executive Order D 2020 070 which allocated the $1.7 billion to address the COVID-19 pandemic. These funds must be used in compliance with federal Treasury guidance and must be spent between March 1, 2020, and December 30, 2020.

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, 2019. This was the twenty-third 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 are evaluating whether our current CAFR continues to meet the Certificate of Achievement Program's requirements, and intend to submit 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, CPA, MBA, JD
Colorado State Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Colorado

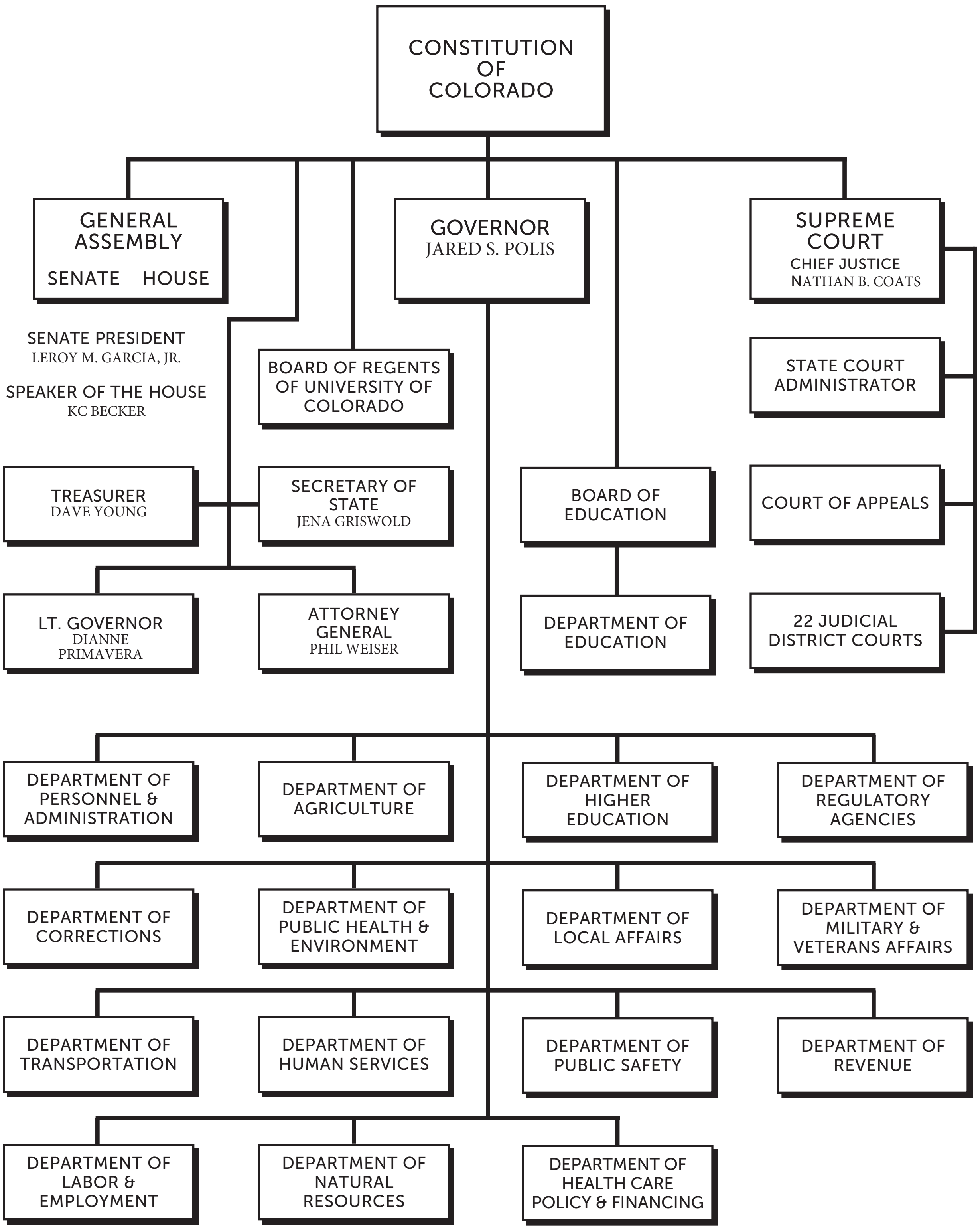
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

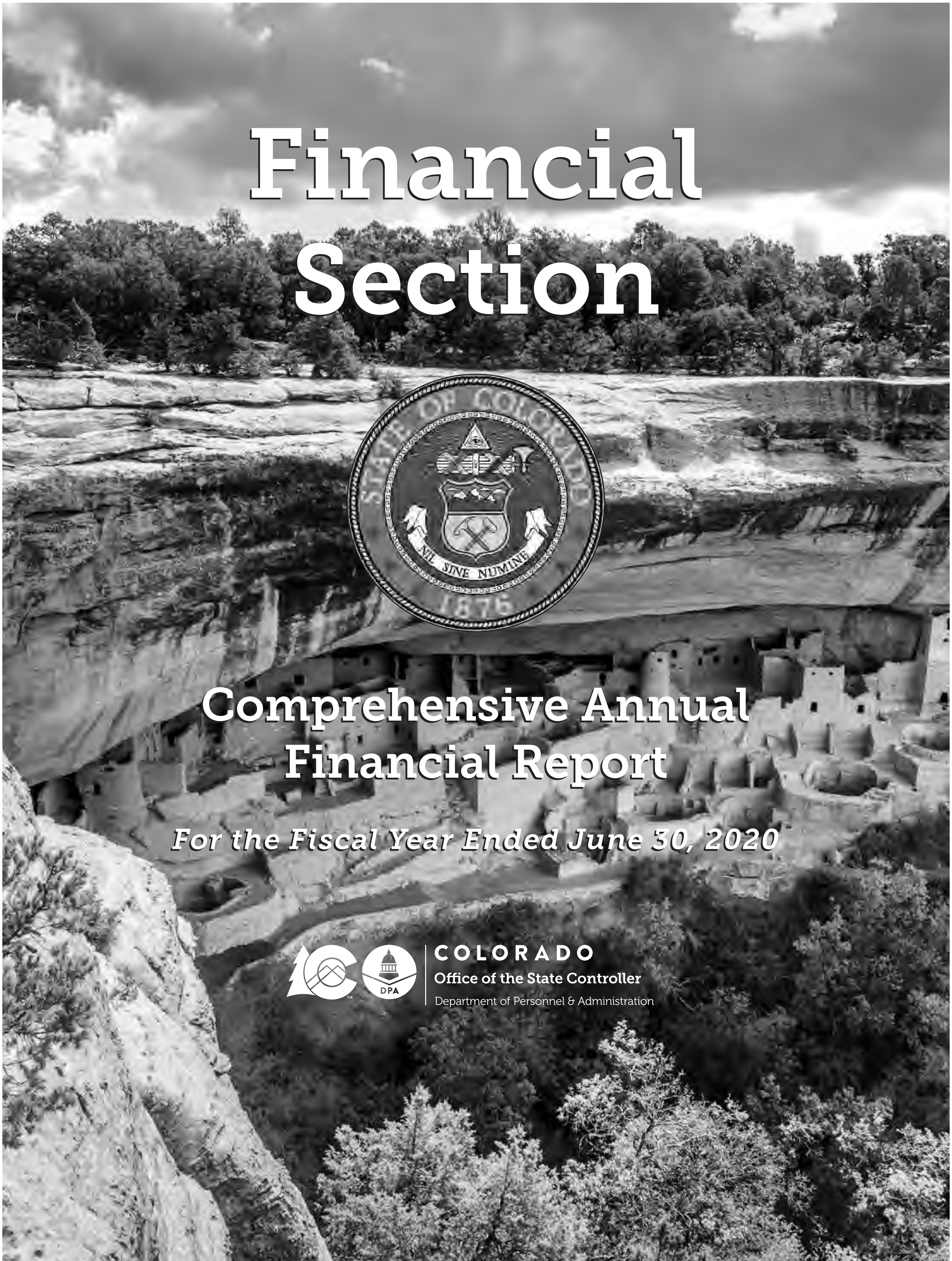
June 30, 2019

Christopher P. Morrill

Executive Director/CEO

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





Financial Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

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 were engaged to audit 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, 2020, 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, 2020, 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 based on our audit. 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

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financial statements are free from material misstatement. Because of the matter described in the "Basis for Disclaimer of Opinion" paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Unemployment Insurance Fund and on Business-Type Activities.

We did not audit the financial statements of the discretely presented component units identified in Note 1; or the University Physicians Inc., DBA CU Medicine (CU Medicine); a blended component unit, which represent the following:

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			
CU Medicine	6%	25%	2%
Government-wide statements			
Business-type activities			
CU Medicine	4%	15%	1%

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 CU 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, the Statewide Internet Portal Authority, and the Denver Metropolitan Major League Baseball Stadium District, which are discretely presented 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.

Except for the matter described in the Basis for Disclaimer of Opinion paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

SUMMARY OF OPINIONS

OPINION UNIT	TYPE OF OPINION
Governmental Activities	Unmodified
Business-Type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Unmodified
General Fund	Unmodified
Federal Special Revenue Fund	Unmodified
Highway Users Tax Fund	Unmodified
Higher Education Institutions Fund	Unmodified
Healthcare Affordability Fund	Unmodified
Transportation Enterprise Fund	Unmodified
Unemployment Insurance Fund	Disclaimer
Aggregate Remaining Fund Information	Unmodified

BASIS FOR DISCLAIMER OF OPINION ON THE UNEMPLOYMENT INSURANCE FUND AND BUSINESS-TYPE ACTIVITIES

The State of Colorado did not have an adequate methodology to substantiate the estimated amount of receivables and payables within the Unemployment Insurance Fund of $510 million and $872 million, respectively, as of June 30, 2020. The receivable balance includes potential overpayments and comprises 54% of total assets of the Unemployment Insurance

Fund, and 3% of Business-Type Activities. The payable balance includes potential claims outstanding at year-end and comprises 92% of total liabilities of the Unemployment Insurance Fund and 7% of the Business-Type Activities. As of June 30, 2020, and as of the date of this report, a significant backlog of unprocessed and unadjudicated unemployment insurance claims existed which may represent overpayments due to errors and/or fraud. The State's records do not permit us, nor is it practical to extend or apply other auditing procedures, to obtain sufficient appropriate audit evidence to conclude that the receivable and payable balances in the Unemployment Insurance Fund and Business-Type Activities were free of material misstatement. As a result of these matters, we were unable to determine whether further audit adjustments may have been necessary in respect to the elements making up the statements of net position, statement of activities, the statement of revenues, expenses and changes in fund net position for proprietary funds, or the statement of cash flows for proprietary funds.

DISCLAIMER OF OPINIONS

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Unemployment Insurance Fund and Business-Type Activities" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions on the financial statements for the Unemployment Insurance Fund and Business-Type Activities of the State of Colorado. Accordingly, we do not express an opinion on these financial statements.

UNMODIFIED OPINIONS ON THE GOVERNMENTAL ACTIVITIES, MAJOR FUNDS EXCEPT THE UNEMPLOYMENT INSURANCE FUND, AGGREGATE DISCRETELY PRESENTED COMPONENT UNITS, AND AGGREGATE REMAINING FUND INFORMATION

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 aggregate discretely presented component units, each major fund except the Unemployment Insurance 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, 2020, 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 Reporting Entity
As discussed in Note 15 to the financial statements, the State included the Statewide Internet Portal Authority in its reporting entity. This change was based on a reevaluation of financial significance, and is in accordance with other guidance. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

LOCATION OF REQUIRED SUPPLEMENTARY INFORMATION	
REQUIRED SUPPLEMENTARY INFORMATION	PAGES
Management's discussion and analysis	27-44
Budgetary comparison schedules	170-175
Notes to required supplementary information	176-185
Budgetary comparison schedule-general fund component	186-188

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 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.

We were engaged for the purpose of forming an opinion on the basic financial statements as a whole. The combining nonmajor fund financial statements and schedule of TABOR revenue and computations are presented for the purposes of additional analysis and are not a required part of the financial statements. Based on the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, it is inappropriate to, and we do not, express an opinion on the supplementary information referred to above.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards,* we will issue a separate report dated March 5, 2021, 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
March 5, 2021

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 1.

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

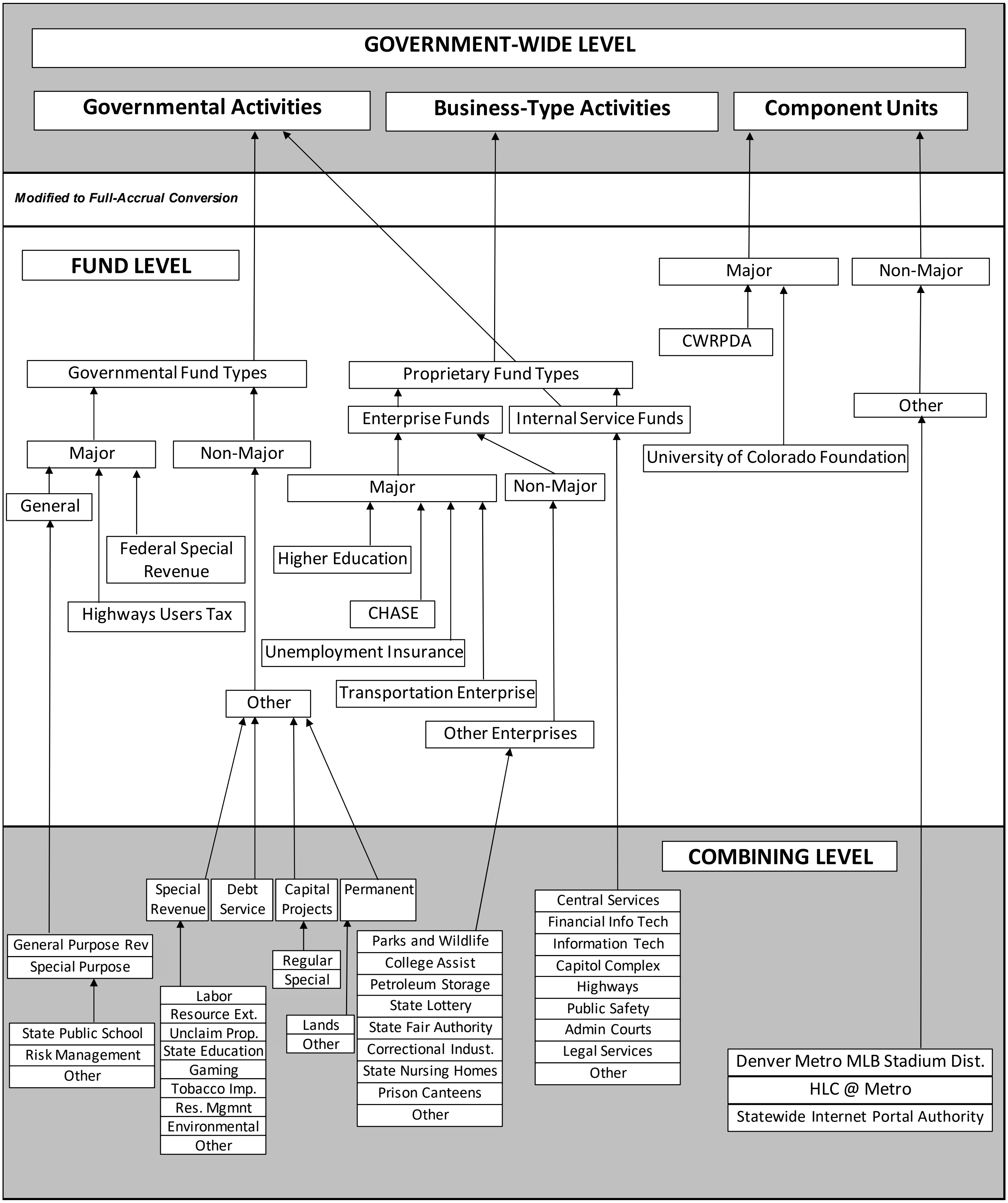
The notes to the financial statements are an integral part of the basic financial statements. They explain amounts shown in the financial statements and provide additional information that is essential to fair presentation.

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 because those resources are not available to support the State's programs.


GOVERNMENT-WIDE LEVEL
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Transportation Enterprise
Other Enterprises
COMBINING LEVEL
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Debt Service
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Permanent
General Purpose Rev
Special Purpose
Regular
Special
Parks and Wildlife
College Assist
Petroleum Storage
State Lottery
State Fair Authority
Correctional Indust.
State Nursing Homes
Prison Canteens
Other
Labor
Resource Ext.
Unclaim Prop.
State Education
Gaming
Tobacco Imp.
Res. Mgmnt
Environmental
Other
Lands
Other
State Public School
Risk Management
Other
Central Services
Financial Info Tech
Information Tech
Capitol Complex
Highways
Public Safety
Admin Courts
Legal Services
Other
Denver Metro MLB Stadium Dist.
HLC @ Metro
Statewide Internet Portal Authority

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 increased 15.8 percent from the prior fiscal year by $1,970.8 million from $12,433.9 million in Fiscal Year 2019, to $14,404.7 million in Fiscal Year 2020.

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	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Noncapital Assets	$ 13,972,724	$ 12,015,284	$ 8,520,942	$ 8,014,060	$ 22,493,666	$ 20,029,344
Capital Assets	12,596,264	12,222,923	10,821,616	10,294,533	23,417,880	22,517,456
Total Assets	26,568,988	24,238,207	19,342,558	18,308,593	45,911,546	42,546,800
Deferred Outflow of Resources	2,348,666	4,421,051	534,121	931,725	2,882,787	5,352,776
Current Liabilities	4,375,162	3,276,476	2,896,932	1,676,909	7,272,094	4,953,385
Noncurrent Liabilities	11,547,135	12,470,991	9,947,640	10,561,313	21,494,775	23,032,304
Total Liabilities	15,922,297	15,747,467	12,844,572	12,238,222	28,766,869	27,985,689
Deferred Inflow of Resources	3,704,384	4,997,905	1,918,407	2,482,076	5,622,791	7,479,981
Net Investment in Capital Assets	9,648,006	10,327,956	5,923,907	5,618,074	15,571,913	15,946,030
Restricted	3,900,541	3,797,509	1,301,620	2,619,832	5,202,161	6,417,341
Unrestricted	(4,257,574)	(6,211,579)	(2,111,827)	(3,717,886)	(6,369,401)	(9,929,465)
Total Net Position	$ 9,290,973	$ 7,913,886	$ 5,113,700	$ 4,520,020	$ 14,404,673	$ 12,433,906

The State's net investment in capital assets of $15,571.9 million for the total primary government (governmental and business-type activities combined), represents a decrease of $374.1 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 $5,202.2 million of total primary government net position. Restricted assets decreased by $1,215.2 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 net position for the total primary government is a negative $6,369.4 million for the fiscal year ended June 30, 2020, which represents an increase of $3,560.1 million from the prior fiscal year. The increase is primarily due to increases in taxes receivable, and decreases of the net pension and other postemployment benefit liabilities during the fiscal year related to the State Division Trust and Health Care Trust Funds administered by PERA. 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 State's current liabilities reported on the Statement of Net Position increased by $2,318.7 million over the prior fiscal year, primarily due to advances received from the federal government related to COVID-19 congressional response packages. Noncurrent liabilities decreased by $1,537.5 million from the prior fiscal year. The decrease is primarily attributed to the decrease in the net pension liability as compared to the prior fiscal year, due to the effect of the portion of the annual $225.0 million distribution attributable to the State and Judicial

Division Trust Funds, directly made to the Public Employee's Retirement Association as required by Senate Bill 18-200. Other Noncurrent liabilities, such as bonds and certificates of participation payable, have related capital assets while the net pension liability does not.

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 $9,291.0 million, an increase in net position of $1,377.1 million as compared to the prior fiscal year amount of $7,913.9 million. Total cash (restricted and unrestricted) balances decreased by $456.9 million. Taxes Receivable, net of refunds payable and Other Receivables, net, increased by $902.2 million, while total investments (restricted and unrestricted) increased by $501.5 million. Capital assets, net of accumulated depreciation, increased by $373.3 million due to various capital projects throughout the State.

Governmental activities' liabilities for notes, bonds, and Certificates of Participation at June 30, 2020 were $2,908.2 million as compared to the prior fiscal year amount of $2,159.4 million – an increase of $748.8 million. These liabilities represent 39.1 percent of unrestricted financial assets (cash, receivables, and investments), and 10.9 percent of total assets of governmental activities. The governmental activities debt is primarily related to infrastructure, state buildings, and public school buildings. The infrastructure debt is secured by future federal revenues and state highway revenues, state building debt by gaming distributions and judicial fees, and public school buildings debt by School Trust Land revenues.

Governmental activities had a decrease of $680.0 million in net investment in capital assets attributable primarily to the $500.0 million issuance of State of Colorado Rural Colorado Certificates of Participation, Series 2020A, and $230.5 million in Building Excellent Schools Today Series 2019P and 2019Q refunding Certificates of Participation. Restricted net position for governmental activities increased by $103.0 million, and Unrestricted net position increased $1,954.0 million from the prior year primarily due to the decrease in net pension liability.

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 $5,113.7 million – an increase in net position of $593.7 million as compared to the prior year amount of $4,520.0 million. The increase is primarily attributed to increases in capital assets of $527.1 million, and a decrease in the net pension liability of $666.4 million as compared to the prior fiscal year. The decrease was due to the effect of the portion of the annual $225.0 million distribution attributable to the State Division Trust Fund, directly made to the Public Employee's Retirement Association as required by Senate Bill 18-200.

The State's Enterprise Funds have notes, bonds, and Certificates of Participation outstanding that total $5,096.8 million, as compared to the prior fiscal year amount of $4,953.6 million – an increase of $143.2 million. The majority of the outstanding revenue bonds is related to Higher Education Institutions and is invested in capital assets that generate a future revenue stream to service the related debt. The Division of Unemployment Insurance also has bonds outstanding secured by future employer insurance premiums.

Of the total net position for business-type activities, $5,923.9 million was for investment in capital assets, and $1,301.6 million is restricted for the purposes of various funds, which resulted in an unrestricted deficit of $2,111.8 million. The deficit is primarily a result of the initial recognition of the net pension liability in Fiscal Year 2015, and the recognition of the net OPEB liability in Fiscal Year 2018. Business-type activities reported a $305.8 million increase in net investment in capital assets, primarily due to the construction of capital asset projects by institutions of higher education and the Other Enterprise Funds. Restricted net position for business-type activities reported a decrease of $1,318.2 million from the prior fiscal year due to decreases in restricted cash and investments.

Government-wide Statement of Activities

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	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Program Revenues:						
Charges for Services	$ 1,555,332	$ 1,606,484	$ 8,039,922	$ 7,933,992	$ 9,595,254	$ 9,540,476
Operating Grants and Contributions	7,788,096	6,822,479	8,374,699	5,119,323	16,162,795	11,941,802
Capital Grants and Contributions	617,224	428,332	123,273	62,609	740,497	490,941
General Revenues:					-	-
Taxes	13,271,516	13,108,185	-	-	13,271,516	13,108,185
Restricted Taxes	1,271,553	1,348,050	-	-	1,271,553	1,348,050
Unrestricted Investment Earnings	37,599	30,196	-	-	37,599	30,196
Other General Revenues	95,460	95,051	-	-	95,460	95,051
Total Revenues	24,636,780	23,438,777	16,537,894	13,115,924	41,174,674	36,554,701
Expenses:						
General Government	1,214,677	1,493,871	-	-	1,214,677	1,493,871
Business, Community, and Consumer Affairs	713,827	734,786	-	-	713,827	734,786
Education	6,875,955	6,469,072	-	-	6,875,955	6,469,072
Health and Rehabilitation	836,872	935,044	-	-	836,872	935,044
Justice	1,734,902	1,970,515	-	-	1,734,902	1,970,515
Natural Resources	90,248	123,036	-	-	90,248	123,036
Social Assistance	9,430,179	8,589,168	-	-	9,430,179	8,589,168
Transportation	1,884,872	1,875,438	-	-	1,884,872	1,875,438
Payments to School Districts	-		-	-	-	-
Payments to Other Governments	-		-	-	-	-
Interest on Debt	103,339	109,075	-	-	103,339	109,075
Higher Education Institutions	-		6,993,311	7,111,041	6,993,311	7,111,041
Healthcare Affordability			3,515,207	3,414,018		3,414,018
Unemployment Insurance	-		4,765,139	385,192	4,765,139	385,192
Lottery	-		582,721	580,808	582,721	580,808
Parks and Wildlife	-		166,782	184,870	166,782	184,870
College Assist	-		201,200	222,726	201,200	222,726
Other Business- Type Activities	-		128,606	212,190	128,606	212,190
Total Expenses	22,884,871	22,300,005	16,352,966	12,110,845	39,237,837	34,410,850
Excess (Deficiency) Before Contributions, Transfers, and Other Items	1,751,909	1,138,772	184,928	1,005,079	1,936,837	2,143,851
Contributions, Transfers, and Other Items:						
Transfers (Out) In	(395,097)	(279,131)	395,097	279,131	-	-
Permanent Fund Additions	580	1,062	-	-	580	1,062
Internal Capital Contributions	-	-	-	57,541	-	57,541
Special Item	-	-	-	-	-	-
Total Contributions, Transfers, and Other Items	(394,517)	(278,069)	395,097	336,672	580	58,603
Total Changes in Net Position	1,357,392	860,703	580,025	1,341,751	1,937,417	2,202,454
Net Position - Beginning	7,913,886	7,029,957	4,520,020	3,170,907	12,433,906	10,200,864
Prior Period Adjustment (See Note 15A)	19,695	23,226	11,209	7,362	30,904	30,588
Accounting Changes	-	-	2,446	-	2,446	-
Net Position - Ending	$ 9,290,973	$ 7,913,886	$ 5,113,700	$ 4,520,020	$ 14,404,673	$ 12,433,906

For governmental activities, total revenues exceeded total expenses and transfers-out, which resulted in an increase to net position of $1,357.4 million. Program revenues for governmental activities increased by $1,103.4 million (12.5 percent), and General revenues for governmental activities increased by $94.6 million (0.6 percent). Total expenses for governmental activities increased by $584.9 million (2.6 percent) from the prior fiscal year, due to increases in education and social assistance activities – offset by decreases in spending for general government, health and rehabilitation, and natural resources.

Business-type activities' total revenues and transfers-in exceeded total expenses, and internal capital contributions by $580.0 million, resulting in an increase in net position. From the prior year to the current year, program revenue from business-type activities increased by $3,422.0 million (26.1 percent), and expenses also increased by $4,242.1 million (35.0 percent) due to significant increases in unemployment insurance.

FUNDS-LEVEL FINANCIAL ANALYSIS

Governmental Funds:

Governmental fund assets exceeded liabilities resulting in total fund balance of $9,491.7 million as compared to the prior fiscal year amount of $8,578.9 million. The fund balance for all governmental funds increased from the prior fiscal year by $912.8 million, which is comprised mainly of increases in the General Fund and Other Governmental Funds of $338.7 million and $617.1 million, respectively. In addition, the State reported a new fund in Fiscal Year 2020 – the Federal Special Revenue Fund – resulting from federal relief received due to the COVID-19 pandemic. Overall, the increase in fund balance for all governmental funds in total was primarily attributable to increases in individual income tax revenue, and federal grants and contracts during Fiscal Year 2020.

General Fund

The ending total fund balance of the General Fund, as measured by generally accepted accounting principles (GAAP), was $2,401.6 million. General Fund revenues increased overall by approximately $1,403.3 million (7.6 percent) over the prior year, and expenditures increased overall by $1,345.2 million (7.6 percent) relative to the prior fiscal year, resulting in $739.6 million excess of revenues over expenditures for Fiscal Year 2020. The overall fund balance of the General Fund only increased by $338.7 million due the offset of net transfers of ($585.8 million). Individual and fiduciary income taxes of $8,056.1 million, sales and use taxes of $3,652.0 million, and federal grants and contracts of $6,690.3 million are the largest sources of revenue comprising 92.5 percent of total revenue of $19,899.5 million. Overall expenditures increased from the prior year due to moderate spending increases across all government functions.

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. Other augmenting revenues include federal grants and contracts, user fees and charges, and other specific user taxes. Other 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, $1,322.6 million (55.1 percent) was attributable to the General Purpose Revenue Fund, including non-spendable, committed, and assigned amounts. The General Purpose Revenue Fund increased by $375.0 million from the prior fiscal year, which was attributable to increases in taxes and federal revenues during Fiscal Year 2020. The General Purpose Revenue Fund had a minimal unrestricted cash and pooled cash balance at the end of Fiscal Year 2020 due to the statewide income tax filing deadline extension to July 2020. This delay resulted in less overall cash collections than in normal fiscal years.

State law requires that the General Purpose Revenue Fund portion of the General Fund maintain a reserve of a percentage of General Purpose Revenue Fund appropriations. Section 24-75-201.1 C.R.S. stipulates the reserve requirement as 3.07 percent of the amount appropriated for expenditure from the general fund for Fiscal Year 2020. The reserve for Fiscal Year 2020 is $361.3 million. The reserve amount is included in the Budgetary Comparison Schedule for the General Fund – General Purpose Revenue Component, presented as Required Supplementary Information in the CAFR. Beginning and ending budgetary fund balance as show on the Schedule are net of the required reserve.

Federal Special Revenue Fund

The Federal Special Revenue Fund is new for Fiscal Year 2020, which consists of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Fund and the Coronavirus Emergency Supplemental Fund. The ending total fund balance of the Federal Special Revenue Fund was $21.4 million. The fund had $597.3 million in cash and restricted cash, and $413.6 million in prepaids, advances, and deposits from federal aid related to COVID-19 relief. The State did not expend these funds as of June 30, 2020; therefore, the State recorded $926.1 million in unearned revenue. Fund revenues totaled $221.4 million, and expenditures totaled $200.0 million, resulting in an excess of revenues over expenditures for Fiscal Year 2020. The main sources of revenue for the fund were federal grants and contracts of $200.0 million, and investment income of $21.4 million; the main expenditures of the fund consist of outflows related to school districts and cities of $113.1 million and $56.7 million, respectively.

Highway Users Tax

The Highway Users Tax Fund qualified as a new major fund for Fiscal Year 2020. The ending total fund balance of the Highway Users Tax Fund was $978.4 million, which represents a 6.2 percent decrease over the prior year fund balance of $1,042.7 million. Total cash (restricted and unrestricted) decrease by 8.9 percent from $906.2 million in the prior fiscal year to $825.1 million in Fiscal Year 2020. Fund revenues totaled $1,985.9 million, and expenditures totaled $2,444.9 million, resulting in an excess of expenditures over revenues of $459.0 million for Fiscal Year 2020. Fund revenues increased 5.8 percent, while fund expenditures also increased 12.5 percent from the prior fiscal year. The main sources of revenue for the fund were federal grants and contracts of $660.7 million, and excise taxes of $624.5 million; the main expenditures of the fund totaling $1,548.9 million consist of transportation-related projects and highway maintenance.

Proprietary Funds:

Higher Education Institutions

The net position of the Higher Education Institutions fund increased from the prior fiscal year by $1,418.8 million, or 84.2 percent, which generally resulted from increases in various operating revenue sources, reductions in overall spending, and increases in nonoperating revenues including investment income, federal grants and contracts, and transfers-in from other funds. The higher education fund has a variety of revenue and funding sources, which, overall, were relatively consistent with the prior fiscal year. Operating revenues increased by $170.7 million mainly due to increases in tuition and fees, federal grants and contracts, and sales of goods and services. Overall, total operating revenues increased by 2.6 percent, while total operating expenses decreased by 1.7 percent. Higher Education Institutions received capital contributions of $114.2 million and $120.4 million in Fiscal Years 2020 and 2019, respectively. Transfers-in to the Higher Education Institutions fund totaled $481.0 million for Fiscal Year 2020, an increase of $105.4 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.

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 for 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, 2020, net position was $74.9 million, an increase of $66.9 million from the prior fiscal year. Operating revenues of the fund totaled $3,587.3 million, which mainly consists of federal grants and contracts of $2,650.2 million, and fees charged to healthcare providers of $936.4 million. Operating revenues increased 4.7 percent by approximately $160.7 million from the prior year. Operating expenses of the fund totaled $3,515.2 million, which mainly consisted of payments to hospital providers for Medicaid 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).

Transportation Enterprise

The Transportation Enterprise met the classification as a major fund for Fiscal Year 2020. The Transportation Enterprise consists of the High Performance Transportation Enterprise and the Statewide Bridge Enterprise at the Colorado Department of Transportation. The ending total fund balance of the Transportation Enterprise was $1,360.6 million, which was an increase of 18.0 percent from the prior year net position of $1,153.1 million. Enterprise revenues totaled $143.6 million, and expenditures totaled $28.4 million, resulting in an excess of revenues over expenses for Fiscal Year 2020. The main sources of revenue for the Enterprise were sales of goods and services, and federal grants and contracts; the main expenses of the Enterprise consist of depreciation and amortization of capital assets, and outflows related to salaries and fringe benefits, and operating and travel.

Unemployment Insurance

The Unemployment Enterprise met the classification as a major fund for Fiscal Year 2020, which consists of the Employee Leasing Company Certification, Employee Misclassification Advisory Opinion, Employment and Training Technology, Unemployment Bond Repayment, Unemployment Insurance, and the Unemployment Revenue Funds. The ending total fund balance was for Fiscal Year 2020 was a deficit of $1.5 million, which was a decrease of $1,279.8 million from the prior year net position of $1,278.3 million. Fund revenues totaled $3,457.2 million, and expenditures totaled $4,764.5 million, resulting in an excess of expenses over revenues for Fiscal Year 2020. The deficit fund balance was caused by significant increases to accrued expenses and bad debt expense, due to overpayments and suspected fraud related to unemployment benefit claims paid in July 2020 (Fiscal Year 2021) that were related to Fiscal Year 2020. The main sources of revenue for the fund were federal grants and contracts, and insurance premiums; the main expenses of the fund consist of unemployment benefit payments and bad debt expense.

TABOR Revenue, Debt, and Tax-Increase Limits

Fiscal Year 2020 is the twenty-seventh 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.

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.

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 cap. 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 and sales tax refund mechanisms as the first mechanism used to refund excess state revenue

For Fiscal Year 2020, State revenues subject to TABOR were $14,873.8 million, which was $82.6 million under the ESRC, and $2,624.8 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 future fiscal years is $144.0 million. Absent Referendum C, the State would have been required to refund the amount exceeding the retention limit.

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 Education – the Department had a net increase of $8.2 million, mainly resulting from various special and supplemental bills, and roll forwards.

- Office of the Governor – the Office had a net decrease of $6.2 million resulting from Executive Order 2020 050 restrictions, and reducing budget to match revenue related to disaster recovery.

- Department of Health Care Policy and Financing – the Department had a net decrease of $196.3 million mainly due to decreases in health services related to supplemental House Bills 20-1246, 20-1360, and 20-1385.

- Department of Higher Education – the Department had a net decrease of $5.6 million resulting from Executive Order 2020 050, and other controller restrictions.

- Department of Human Services – the Department had a net decrease of $37.7 million from the passage of House Bills 20-1248 and 20-1360, impacting various health and welfare programs.

- Judicial Department – the Judicial Department had a net decrease of $10.0 million from the passage of House Bill 20-1249 and 20-1360 related to various activities including special projects, personal services, and legal representation.

- Department of Revenue – the Department had a net increase of $219.2 million primarily comprised of statutory retail marijuana retail sales tax transfers to the Older Coloradans program, the State Public School Fund, and the Marijuana Tax Cash Fund.

- Department of Treasury – the Department had a net decrease of $36.7 million due to statutory transfers to other funds, along with collateralization of SB17-267 lease purchase agreements.

Differences Between Final Budget and Actual Expenditures

In total, state departments reported general-funded appropriations reversions of $9.7 million for Merit Pay and $3.7 million for Legislative reversions. In addition, departments reverted $202.9 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 $10.0 million, primarily comprised of payments to local jails, Hepatitis C treatment costs, pharmaceuticals purchases, and purchases of external medical services.

- Department of Education – the Department reverted $2.6 million, primarily comprised of $1.0 million related to the Grow Your Own Educator Program, and the remaining across multiple programs and budget lines.
- Governor's Office – the Governor's Office reverted $1.9 million mainly related to applications administration.

- Department of Public Health and Environment – the Department reverted $1.0 million across multiple programs and budget lines.

- Department of Human Services – the Department reverted $8.8 million across multiple programs and budget lines.

- Judicial Department – the Department reverted $12.1 million, primarily consisting of several appropriations including conflict of interest contracts, courthouse capital/infrastructure maintenance, mandated costs, and court-appointed counsel.

- Legislative Branch – the Legislative Branch reverted $1.2 million mainly related to the general assembly and legislative council activities.

- Department of Local Affairs – the Department reverted $1.1 million primarily related to Defense Counsel on first Appearance Grant Program, and Rural Economic Development Initiative Grants.

- Department of Public Safety – the Department reverted $4.4 million primarily related to community corrections placements.

- Department of Revenue – the Department reverted $22.0 million, primarily for old age pension.

- Department of Health Care Policy and Financing – the Department reverted $3.8 million across multiple programs and budget lines.

- Department of Treasury - the Department reverted $132.6 million, of which $130.4 million was related to the senior citizen and disabled veteran property tax exemption, and $2.2 million for reimbursements to county treasurers.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The State's net investment in capital assets at June 30, 2020 was $15,571.9 million, as compared to $15,946.0 million in Fiscal Year 2019. Included in this amount were $18,328.4 million of net depreciable capital assets after reduction of $14,240.6 million for accumulated depreciation. Non-depreciable capital assets totaled $5,089.4 million – including land, construction in progress, non-depreciable infrastructure and other capital assets. The State added a net $900.4 million and $446.4 million of capital assets in Fiscal Years 2020 and 2019, respectively. Of the Fiscal Year 2020 additions, $373.3 million was recorded in governmental activities, and $527.1 million was recorded in business-type activities. General-purpose revenues funded $112.7 million of capital and controlled maintenance expenditures during Fiscal Year 2020, 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, 2020 and 2019, were as follows (see Note 5 for additional detail):

(Amounts in Thousands)	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2020	FY2019	FY2020	FY2019	FY2020	FY2019
Capital Assets Not Being Depreciated						
Land and Land Improvements	$ 126,974	$ 125,737	$ 673,831	$ 647,585	$ 800,805	$ 773,322
Collections	11,213	11,213	33,148	32,180	44,361	43,393
Other Capital Assets	12,347	2,136	15,461	15,461	27,808	17,597
Construction in Progress	1,548,817	957,814	1,529,265	1,162,309	3,078,082	2,120,123
Infrastructure	1,040,339	1,024,706	98,042	95,441	1,138,381	1,120,147
Total Capital Assets Not Being Depreciated	2,739,690	2,121,606	2,349,747	1,952,976	5,089,437	4,074,582
Capital Assets Being Depreciated						
Buildings and Related Improvements	3,481,275	3,432,389	11,419,985	11,086,080	14,901,260	14,518,469
Software	578,925	541,439	240,501	220,640	819,426	762,079
Vehicles and Equipment	1,029,805	980,135	1,331,747	1,270,225	2,361,552	2,250,360
Library Books, Collections, and Other Capital Assets	42,638	42,815	632,974	612,387	675,612	655,202
Infrastructure	12,502,697	12,407,645	1,308,495	1,165,641	13,811,192	13,573,286
Total Capital Assets Being Depreciated	17,635,340	17,404,423	14,933,702	14,354,973	32,569,042	31,759,396
Accumulated Depreciation	(7,778,766)	(7,303,106)	(6,461,833)	(6,013,416)	(14,240,599)	(13,316,522)
Total	$ 12,596,264	$ 12,222,923	$ 10,821,616	$ 10,294,533	$ 23,417,880	$ 22,517,456

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. 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.

Fiscal Year 2020

(Amounts in Thousands)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 119,822	$ 11,980	$ -	$ -	$ 2,809,799	$ 1,370,077	$ 2,929,621	$ 1,382,057
Business-Type Activities	$ 35,645	$ 4,066	$ 4,413,396	$ 2,360,678	$ 374,877	$ 103,359	$ 4,823,918	$ 2,468,103
Total	$ 155,467	$ 16,046	$ 4,413,396	$ 2,360,678	$ 3,184,676	$ 1,473,436	$ 7,753,539	$ 3,850,160

Fiscal Year 2019

(Amounts in Thousands)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 123,600	$ 13,449	$ -	$ -	$ 2,055,104	$ 1,135,147	$ 2,178,704	$ 1,148,596
Business-Type Activities	$ 37,402	$ 4,981	$ 4,231,973	$ 2,570,421	$ 412,179	$ 119,940	$ 4,681,554	$ 2,695,342
Total	$ 161,002	$ 18,430	$ 4,231,973	$ 2,570,421	$ 2,467,283	$ 1,255,087	$ 6,860,258	$ 3,843,938

For Fiscal Year 2020, the total principal amount of capital leases, revenue bonds, and COPs increased by 13.0 percent from the prior year to $7,753.5 million. The Fiscal Year 2020 increase was related to two new COP issuances – $500.0 million issuance of State of Colorado Rural Certificates of Participation, Series 2020A, and $230.5 million in Building Excellent Schools Today Series 2019P and 2019Q refunding COPs.

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:

Coronavirus Disease 2019 (COVID-19) Pandemic – COVID-19 was first identified in December 2019 in Wuhan, China. The outbreak was declared a Public Health Emergency of International Concern in January 2020, and a pandemic in March 2020. The pandemic resulted in a nationwide recession that began in March 2020, which significantly reduced Colorado's economic activity the last quarter of Fiscal Year 2020. Despite significant improvement from the depths of the recession in April 2020 and outperforming the national average, Colorado's economic activity remains well below normal levels. In response to the pandemic, the U.S. Congress passed several measures to assist with economic recovery and the resulting fallout.

- The $8.3 billion Coronavirus Preparedness and Response Supplemental Appropriations Act provided emergency supplemental spending to help government health officials with research and purchases of medications for treatments and vaccines.

- The approximately $190 billion Families First Coronavirus Response Act contained provisions to provide free COVID-19 testing, increased federal funds to support state Medicaid costs, increased nutrition assistance, expanded unemployment insurance (UI) compensation, and provided paid leave and sick days for millions of workers.

- The $2.3 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act contained provisions to provide funding to health care providers and researchers. Included in the legislation was $15.5 billion for SNAP to cover the projected increase in applications and the costs of relief authorized in the Families First Act, further expansion of UI compensation, $3.5 billion for child care, $150 billion in general grants for state, local, tribal and territorial aid, $31 billion for education assistance, and $400 million to facilitate voting by mail efforts.

- The $483.0 billion Paycheck Protection Program and Health Care Enhancement Act provided funds to keep workers employed during the pandemic, additional funding for hospitals and health care providers, and expanded COVID-19 testing.

The U.S. economy slowly started to improve with the federal aid. Personal incomes and savings rates are above pre-pandemic levels due to major federal relief measures such as expanded unemployment insurance benefits. While higher incomes and savings are positive signs for the economic outlook, the recovery remains highly dependent on the course of the virus and the availability of a vaccine.

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:

- Increasing contribution rates from employers and employees.

- Allocates $225.0 million annually beginning in Fiscal Year 2019 to PERA to reduce the unfunded liability for the State, Judicial, Schools, and Denver Public Schools Divisions Trust Funds. To assist with reductions in spending for Fiscal Year 2021 resulting from the economic impact of COVID-19, the state legislature eliminated the $225.0 million direct distribution for Fiscal Year 2021. The State anticipates resuming the direct distribution in future fiscal years as the State recovers from the effect of the pandemic.

- Modifies retirement benefits, including reducing the annual increase for all current and future retirees.

- Raises the retirement age for new employees; and (5) establishes an automatic adjustment provision designed to keep PERA on a path to full funding in 30 years by 2048.

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 $0.0 million at June 30, 2020, providing no apparent liquidity. This is because the Fund had a deficit cash balance at the end of the fiscal year, and required transfers from other cash funds to cover the deficit. Due to the COVID-19 pandemic, the State delayed its statewide income tax filing deadline extension to July 2020, resulting in less overall cash collections than in normal fiscal years. From the prior fiscal year to the current fiscal year, General Purpose Revenue Fund taxes receivable increased by $930.0 million to $2,864.2 million, tax refunds payable increased by $14.4 million to $942.1 million, and deferred inflows related to the tax receivables not expected to be collected within the next year decreased by $63.7 million down to $181.4 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 – Various institutions of higher education, History Colorado, the Judicial Branch, and the Departments of Corrections, Transportation, Agriculture, Public Administration, Public Safety, and Treasury have outstanding notes, bonds, and/or Certificates of Participation (COPs) for the purchase of equipment or to construct facilities or infrastructure. The average debt service related to governmental activities over the next five years is $195.1 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. The average debt service related to business-type activities including revenue bonds over the next five years is $397.6 million.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JUNE 30, 2020

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 2,521,649	$ 2,023,015	$ 4,544,664	$ 294,386
Restricted Cash and Pooled Cash	611,626	391,766	1,003,392	-
Investments	-	1,926,752	1,926,752	-
Restricted Investments	-	123,303	123,303	-
Taxes Receivable, net	2,746,658	87,301	2,833,959	-
Contributions Receivable, net	-	-	-	40,748
Other Receivables, net	609,665	783,784	1,393,449	85,276
Due From Other Governments	803,219	970,990	1,774,209	2,967
Internal Balances	179,643	(179,643)	-	-
Due From Component Units	-	26,385	26,385	-
Inventories	142,367	57,124	199,491	-
Prepaids, Advances and Deposits	544,537	37,686	582,223	969
Other Current Assets	-	-	-	4,300
Total Current Assets	8,159,364	6,248,463	14,407,827	428,646
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,810,813	511,559	2,322,372	97,322
Restricted Investments	1,212,311	172,683	1,384,994	67,989
Restricted Receivables	453,551	22,651	476,202	1,055
Investments	1,564,800	1,441,901	3,006,701	2,142,113
Contributions Receivable, net	-	-	-	82,952
Other Long-Term Assets	771,885	123,685	895,570	943,500
Depreciable Capital Assets and Infrastructure, net	9,856,574	8,471,869	18,328,443	152,831
Land and Nondepreciable Capital Assets	2,739,690	2,349,747	5,089,437	25,335
Total Noncurrent Assets	18,409,624	13,094,095	31,503,719	3,513,097
TOTAL ASSETS	26,568,988	19,342,558	45,911,546	3,941,743
DEFERRED OUTFLOW OF RESOURCES:	2,348,666	534,121	2,882,787	3,066
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	951,302	-	951,302	-
Accounts Payable and Accrued Liabilities	1,428,804	705,641	2,134,445	33,469
TABOR Refund Liability (Note 2B)	143,993	-	143,993	-
Due To Other Governments	375,757	375,140	750,897	2,315
Due To Component Units	-	151	151	-
Unearned Revenue	1,291,503	770,398	2,061,901	4,816
Accrued Compensated Absences	15,719	28,747	44,466	-
Claims and Judgments Payable	46,660	1,273	47,933	-
Leases Payable	27,212	5,832	33,044	-
Notes, Bonds, and COPs Payable	70,565	179,765	250,330	33,960
Other Postemployment Benefits	-	16,448	16,448	-
Other Current Liabilities	23,647	813,537	837,184	186,363
Total Current Liabilities	4,375,162	2,896,932	7,272,094	260,923
Noncurrent Liabilities:				
Deposits Held In Custody For Others	598	25	623	447,774
Accrued Compensated Absences	197,457	397,622	595,079	-
Claims and Judgments Payable	151,757	45,168	196,925	-
Capital Lease Payable	92,610	29,813	122,423	-
Derivative Instrument Liability	-	46,864	46,864	-
Notes, Bonds, and COPs Payable	2,837,608	4,917,042	7,754,650	388,855
Due to Component Units	-	1,704	1,704	-
Net Pension Liability	7,804,791	3,570,647	11,375,438	4,713
Other Postemployment Benefits	233,180	835,859	1,069,039	278
Other Long-Term Liabilities	229,134	102,896	332,030	51,909
Total Noncurrent Liabilities	11,547,135	9,947,640	21,494,775	893,529
TOTAL LIABILITIES	15,922,297	12,844,572	28,766,869	1,154,452
DEFERRED INFLOW OF RESOURCES:	3,704,384	1,918,407	5,622,791	3,301
NET POSITION:				
Net investment in Capital Assets:	9,648,006	5,923,907	15,571,913	178,113
Restricted for:				
Construction and Highway Maintenance	874,840	-	874,840	-
Education	194,060	978,486	1,172,546	-
Unemployment Insurance	-	(18,877)	(18,877)	-
Debt Service	115,664	16,081	131,745	-
Emergencies	208,095	34,000	242,095	-
Permanent Funds and Endowments:				
Expendable	8,936	173,493	182,429	1,073,982
Nonexpendable	1,419,630	83,909	1,503,539	671,904
Other Purposes	1,079,316	34,528	1,113,844	756,369
Unrestricted	(4,257,574)	(2,111,827)	(6,369,401)	106,688
TOTAL NET POSITION	$ 9,290,973	$ 5,113,700	$ 14,404,673	$ 2,787,056

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS) Functions/Programs	Expenses	Indirect Cost Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 1,237,461	$ (22,784)	$ 166,301	$ 254,342	$ 1,244
Business, Community, and Consumer Affairs	711,577	2,250	170,592	379,526	-
Education	6,873,987	1,968	38,261	769,918	121
Health and Rehabilitation	835,282	1,590	103,977	511,928	-
Justice	1,730,411	4,491	229,466	183,179	280
Natural Resources	89,421	827	170,834	142,070	-
Social Assistance	9,425,045	5,134	153,857	5,383,103	-
Transportation	1,883,253	1,619	522,044	164,030	615,579
Interest on Debt	103,339	-	-	-	-
Total Governmental Activities	22,889,776	(4,905)	1,555,332	7,788,096	617,224
Business-Type Activities:					
Higher Education	6,990,143	3,168	5,366,610	2,450,775	117,627
Healthcare Affordability	3,515,207	-	937,123	2,650,237	-
Unemployment Insurance	4,764,538	601	548,095	2,939,312	-
Lottery	582,051	670	659,791	2,599	-
Parks and Wildlife	166,656	126	231,980	47,207	5,497
College Assist	200,860	340	1	223,003	-
Other Business-Type Activities	128,606	-	296,322	61,566	149
Total Business-Type Activities	16,348,061	4,905	8,039,922	8,374,699	123,273
Total Primary Government	39,237,837	-	9,595,254	16,162,795	740,497
Total Component Units	$ 290,542	$ -	$ 80,070	$ 283,874	$ 3,977

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
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 Beginning (Restated)

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
$ (792,790)	$ -	$ (792,790)	
(163,709)	-	(163,709)	
(6,067,655)	-	(6,067,655)	
(220,967)	-	(220,967)	
(1,321,977)	-	(1,321,977)	
222,656	-	222,656	
(3,893,219)	-	(3,893,219)	
(583,219)	-	(583,219)	
(103,339)	-	(103,339)	
(12,924,219)	-	(12,924,219)	
-	941,701	941,701	
-	72,153	72,153	
-	(1,277,732)	(1,277,732)	
-	79,669	79,669	
-	117,902	117,902	
-	21,804	21,804	
-	229,431	229,431	
-	184,928	184,928	
(12,924,219)	184,928	(12,739,291)	
			77,379
3,703,217	-	3,703,217	-
330,600	-	330,600	-
8,037,272	-	8,037,272	-
638,303	-	638,303	-
562,124	-	562,124	-
586,445	-	586,445	-
60,255	-	60,255	-
624,521	-	624,521	-
332	-	332	-
37,599	-	37,599	25,383
95,460	-	95,460	-
(395,097)	395,097	-	-
580	-	580	-
14,281,611	395,097	14,676,708	25,383
1,357,392	580,025	1,937,417	102,762
7,913,886	4,520,020	12,433,906	2,678,125
19,695	11,209	30,904	-
-	2,446	2,446	6,169
7,933,581	4,533,675	12,467,256	2,684,294
$ 9,290,973	$ 5,113,700	$ 14,404,673	$ 2,787,056

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:					
Cash and Pooled Cash	$ 228,277	$ 27,146	$ 60,535	$ 2,118,684	$ 2,434,642
Taxes Receivable, net	2,864,172	-	2,272	68,796	2,935,240
Other Receivables, net	445,139	-	1,845	143,252	590,236
Due From Other Governments	768,000	-	-	35,117	803,117
Due From Other Funds	70,057	-	699	497,144	567,900
Inventories	14,343	-	20,946	105,795	141,084
Prepaids, Advances and Deposits	69,544	413,617	5,032	35,781	523,974
Restricted Assets:					
Restricted Cash and Pooled Cash	550,634	570,104	764,565	536,876	2,422,179
Restricted Investments	-	-	2,290	1,210,021	1,212,311
Restricted Receivables	9,840	-	443,711	-	453,551
Investments	335,521	-	-	1,229,279	1,564,800
Other Long-Term Assets	18,606	-	20,685	543,151	582,442
TOTAL ASSETS	$ 5,374,133	$ 1,010,867	$ 1,322,580	$ 6,523,896	$ 14,231,476
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	3,027	3,027
LIABILITIES:					
Tax Refunds Payable	$ 942,102	$ -	$ -	$ 9,200	$ 951,302
Accounts Payable and Accrued Liabilities	845,895	56,731	264,027	218,573	1,385,226
TABOR Refund Liability (Note 2B)	143,993	-	-	-	143,993
Due To Other Governments	294,017	-	44,558	37,182	375,757
Due To Other Funds	345,415	6,652	304	35,481	387,852
Unearned Revenue	204,567	926,134	34,077	123,742	1,288,520
Claims and Judgments Payable	726	-	137	89	952
Other Current Liabilities	13,776	-	42	5,386	19,204
Deposits Held In Custody For Others	470	-	-	128	598
TOTAL LIABILITIES	2,790,961	989,517	343,145	429,781	4,553,404
DEFERRED INFLOW OF RESOURCES:	181,578	-	1,082	6,718	189,378
FUND BALANCES:					
Nonspendable:					
Inventories	14,343	-	20,946	105,795	141,084
Permanent Fund Principal	-	-	-	1,398,247	1,398,247
Prepaids	69,432	-	5,032	35,781	110,245
Restricted	823,528	21,350	900,962	558,485	2,304,325
Committed	616,483	-	51,413	3,992,116	4,660,012
Assigned	35,241	-	-	-	35,241
Unassigned	842,567	-	-	-	842,567
TOTAL FUND BALANCES	2,401,594	21,350	978,353	6,090,424	9,491,721
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,374,133	$ 1,010,867	$ 1,322,580	$ 6,526,923	$ 14,234,503

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, 2020

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET POSITION TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 2,434,642	$ 87,007	$ -	$ -	$ -	$ -	$ -	$ 2,521,649
Restricted Cash and Pooled Cash	611,626	-	-	-	-	-	-	611,626
Taxes Receivable, net	2,935,240	-	-	-	-	(188,582)	-	2,746,658
Other Receivables, net	590,236	1,903	-	-	-	17,390	136	609,665
Due From Other Governments	803,117	102	-	-	-	-	-	803,219
Due From Other Funds	567,900	263	-	-	-	-	(568,163)	-
Internal Balances	-	-	-	-	-	-	179,643	179,643
Inventories	141,084	1,283	-	-	-	-	-	142,367
Prepaids, Advances and Deposits	523,974	8,870	-	-	-	11,693	-	544,537
Total Current Assets	8,607,819	99,428	-	-	-	(159,499)	(388,384)	8,159,364
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,810,553	260	-	-	-	-	-	1,810,813
Restricted Investments	1,212,311	-	-	-	-	-	-	1,212,311
Restricted Receivables	453,551	-	-	-	-	-	-	453,551
Investments	1,564,800	-	-	-	-	-	-	1,564,800
Other Long-Term Assets	582,442	-	-	-	-	189,443	-	771,885
Depreciable Capital Assets and Infrastructure, net	-	122,869	9,733,705	-	-	-	-	9,856,574
Land and Nondepreciable Capital Assets	-	523	2,739,167	-	-	-	-	2,739,690
Total Noncurrent Assets	5,623,657	123,652	12,472,872	-	-	189,443	-	18,409,624
TOTAL ASSETS	14,231,476	223,080	12,472,872	-	-	29,944	(388,384)	26,568,988
DEFERRED OUTFLOW OF RESOURCES:	3,027	29,041	-	2,316,598	-	-	-	2,348,666
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	951,302	-	-	-	-	-	-	951,302
Accounts Payable and Accrued Liabilities	1,385,226	37,294	-	6,250	-	-	34	1,428,804
TABOR Refund Liability (Note 2B)	143,993	-	-	-	-	-	-	143,993
Due To Other Governments	375,757	-	-	-	-	-	-	375,757
Due To Other Funds	387,852	566	-	-	-	-	(388,418)	-
Unearned Revenue	1,288,520	3,066	-	-	-	(83)	-	1,291,503
Compensated Absences Payable	-	1,202	-	-	-	14,517	-	15,719
Claims and Judgments Payable	952	-	-	-	38,706	7,002	-	46,660
Leases Payable	-	22,644	-	4,568	-	-	-	27,212
Notes, Bonds, and COPs Payable	-	-	-	70,565	-	-	-	70,565
Other Current Liabilities	19,204	698	-	-	-	3,745	-	23,647
Total Current Liabilities	4,552,806	65,470	-	81,383	38,706	25,181	(388,384)	4,375,162
Noncurrent Liabilities:								
Deposits Held In Custody For Others	598	-	-	-	-	-	-	598
Accrued Compensated Absences	-	12,555	-	-	-	184,902	-	197,457
Claims and Judgments Payable	-	-	-	-	102,721	49,036	-	151,757
Capital Lease Payable	-	72,491	-	20,119	-	-	-	92,610
Notes, Bonds, and COPs Payable	-	-	-	2,837,608	-	-	-	2,837,608
Net Pension Liability	-	343,895	-	-	-	7,460,896	-	7,804,791
Other Postemployment Benefits	-	13,092	-	-	-	220,088	-	233,180
Other Long-Term Liabilities	-	-	-	-	-	229,134	-	229,134
Total Noncurrent Liabilities	598	442,033	-	2,857,727	102,721	8,144,056	-	11,547,135
TOTAL LIABILITIES	4,553,404	507,503	-	2,939,110	141,427	8,169,237	(388,384)	15,922,297
DEFERRED INFLOW OF RESOURCES:	189,378	144,891	-	-	-	3,370,115	-	3,704,384
NET POSITION:								
Net investment in Capital Assets:	-	28,256	12,472,872	(2,853,122)	-	-	-	9,648,006
Restricted for:								
Construction and Highway Maintenance	874,840	-	-	-	-	-	-	874,840
Education	194,060	-	-	-	-	-	-	194,060
Debt Service	115,664	-	-	-	-	-	-	115,664
Emergencies	208,095	-	-	-	-	-	-	208,095
Permanent Funds and Endowments:								
Expendable	8,936	-	-	-	-	-	-	8,936
Nonexpendable	1,419,630	-	-	-	-	-	-	1,419,630
Other Purposes	1,079,316	-	-	-	-	-	-	1,079,316
Unrestricted	5,591,180	(428,529)	-	2,230,610	(141,427)	(11,509,408)	-	(4,257,574)
TOTAL NET POSITION	$ 9,491,721	$ (400,273)	$ 12,472,872	$ (622,512)	$ (141,427)	$ (11,509,408)	$ -	$ 9,290,973

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, 2020

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 8,056,100	$ -	$ -	$ 588,830	$ 8,644,930
Corporate Income	670,434	-	-	57,870	728,304
Sales and Use	3,651,976	-	-	37,220	3,689,196
Excise	106,980	-	624,521	225,139	956,640
Other Taxes	337,766	-	332	258,742	596,840
Licenses, Permits, and Fines	20,589	-	394,963	416,265	831,817
Charges for Goods and Services	81,519	-	187,260	157,028	425,807
Rents	166	-	4,013	152,117	156,296
Investment Income (Loss)	85,550	21,350	39,470	250,393	396,763
Federal Grants and Contracts	6,690,332	200,015	660,650	286,229	7,837,226
Additions to Permanent Funds	-	-	-	580	580
Unclaimed Property Receipts	-	-	-	55,137	55,137
Other	198,117	-	74,647	80,492	353,256
TOTAL REVENUES	19,899,529	221,365	1,985,856	2,566,042	24,672,792
EXPENDITURES:					
Current:					
General Government	267,068	-	71,564	62,618	401,250
Business, Community, and Consumer Affairs	183,086	8	-	343,289	526,383
Education	902,949	219	-	79,162	982,330
Health and Rehabilitation	737,567	13,224	12,435	147,430	910,656
Justice	1,723,738	10,221	143,052	225,870	2,102,881
Natural Resources	42,583	-	-	88,437	131,020
Social Assistance	8,111,939	3,751	-	228,871	8,344,561
Transportation	-	-	1,548,895	5,903	1,554,798
Capital Outlay	247,565	-	74,765	95,401	417,731
Intergovernmental:					
Cities	106,646	56,706	241,472	117,773	522,597
Counties	1,333,749	2,000	268,809	146,466	1,751,024
School Districts	5,165,131	113,061	-	683,110	5,961,302
Special Districts	70,131	-	79,133	28,677	177,941
Federal	14	-	14	31,773	31,801
Other	180,630	822	4,744	55,158	241,354
Debt Service	87,130	-	-	76,362	163,492
TOTAL EXPENDITURES	19,159,926	200,012	2,444,883	2,416,300	24,221,121
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	739,603	21,353	(459,027)	149,742	451,671
OTHER FINANCING SOURCES (USES):					
Transfers- In	566,097	-	459,130	677,014	1,702,241
Transfers- Out	(1,151,901)	(3)	(65,298)	(877,028)	(2,094,230)
Face Amount of Bond/COP Issuance	165,805	-	-	500,000	665,805
Bond/COP Premium/Discount	25,833	-	-	111,009	136,842
Issuance of Capital Leases	515	-	-	-	515
Sale of Capital Assets	-	-	-	54,740	54,740
Insurance Recoveries	930	-	894	1,599	3,423
TOTAL OTHER FINANCING SOURCES (USES)	(392,721)	(3)	394,726	467,334	469,336
NET CHANGE IN FUND BALANCES	346,882	21,350	(64,301)	617,076	921,007
FUND BALANCE, FISCAL YEAR BEGINNING	2,062,907	-	1,042,654	5,473,348	8,578,909
Prior Period Adjustment (See Note 15A)	(8,195)	-	-	-	(8,195)
FUND BALANCE, FISCAL YEAR BEGINNING (RESTATED)	2,054,712	-	1,042,654	5,473,348	8,570,714
FUND BALANCE, FISCAL YEAR END	$ 2,401,594	$ 21,350	$ 978,353	$ 6,090,424	$ 9,491,721

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, 2020

(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	$ 8,644,930	$ -	$ -	$ -	$ (18,828)	$ 8,626,102
Corporate Income	728,304	-	-	-	(32,131)	696,173
Sales and Use	3,689,196	-	-	-	14,022	3,703,218
Excise	956,640	-	-	-	(1,519)	955,121
Other Taxes	596,840	-	-	-	3,692	600,532
Licenses, Permits, and Fines	831,817	-	-	-	51	831,868
Charges for Goods and Services	425,807	-	-	-	(1)	425,806
Rents	156,296	-	-	-	-	156,296
Investment Income (Loss)	396,763	2,004	-	-	6	398,773
Federal Grants and Contracts	7,837,226	-	-	-	-	7,837,226
Additions to Permanent Funds	580	-	-	-	-	580
Unclaimed Property Receipts	55,137	-	-	-	-	55,137
Other	353,256	-	-	-	(546)	352,710
TOTAL REVENUES	24,672,792	2,004	-	-	(35,254)	24,639,542
EXPENDITURES:						
Current:						
General Government	401,250	(18,657)	29,301	-	(83,050)	328,844
Business, Community, and Consumer Affairs	526,383	(17,839)	3,227	-	(136,544)	375,227
Education	982,330	(1,002)	36,699	-	(43,949)	974,078
Health and Rehabilitation	910,656	(5,329)	(202)	-	(207,814)	697,311
Justice	2,102,881	(14,700)	53,263	-	(681,634)	1,459,810
Natural Resources	131,020	(7,111)	672	-	(31,988)	92,593
Social Assistance	8,344,561	(33,100)	19,828	-	(62,709)	8,268,580
Transportation	1,554,798	(7,281)	330,381	-	(158,795)	1,719,103
Capital Outlay	417,731	-	(920,210)	-	-	(502,479)
Intergovernmental:						
Cities	522,597	-	-	-	-	522,597
Counties	1,751,024	-	-	-	-	1,751,024
School Districts	5,961,302	-	-	-	655,400	6,616,702
Special Districts	177,941	-	-	-	16,778	194,719
Federal	31,801	-	-	-	-	31,801
Other	241,354	-	-	-	-	241,354
Debt Service	163,492	2,430	-	(60,919)	-	105,003
TOTAL EXPENDITURES	24,221,121	(102,589)	(447,041)	(60,919)	(734,305)	22,876,267
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	451,671	104,593	447,041	60,919	699,051	1,763,275
OTHER FINANCING SOURCES (USES):						
Transfers-In	1,702,241	5,379	-	-	-	1,707,620
Transfers-Out	(2,094,230)	(7,363)	-	-	-	(2,101,593)
Face Amount of Bond/COP Issuance	665,805	-	-	(665,805)	-	-
Bond/COP Premium/Discount	136,842	-	-	(128,022)	-	8,820
Issuance of Capital Leases	515	-	-	(515)	-	-
Sale of Capital Assets	54,740	-	(82,495)	-	-	(27,755)
Insurance Recoveries	3,423	-	-	-	-	3,423
TOTAL OTHER FINANCING SOURCES (USES)	469,336	(1,984)	(82,495)	(794,342)	-	(409,485)
Internal Service Fund Charges to BTAs	-	3,602	-	-	-	3,602
NET CHANGE FOR THE YEAR	921,007	106,211	364,546	(733,423)	699,051	1,357,392
Prior Period Adjustment (See Note 15A)	(8,195)	-	-	-	27,890	19,695
TOTAL CHANGE FOR THE CURRENT YEAR	$ 912,812	$ 106,211	$ 364,546	$ (733,423)	$ 726,941	$ 1,377,087

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, 2020

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES
	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
ASSETS:							
Current Assets:							
Cash and Pooled Cash	$ 1,166,183	$ -	$ 350,092	$ 31,242	$ 475,498	$ 2,023,015	$ 87,007
Restricted Cash and Pooled Cash	391,766	-	-	-	-	391,766	-
Investments	1,926,752	-	-	-	-	1,926,752	-
Restricted Investments	123,303	-	-	-	-	123,303	-
Premiums/Taxes Receivable, net	-	-	-	86,916	385	87,301	-
Student and Other Receivables, net	543,083	107,217	13,191	59,842	60,135	783,468	1,903
Due From Other Governments	178,026	318,647	4,842	449,698	19,777	970,990	102
Due From Other Funds	15,396	-	-	-	7,069	22,465	263
Due From Component Units	26,385	-	-	-	-	26,385	-
Inventories	41,161	-	-	-	15,963	57,124	1,283
Prepaids, Advances and Deposits	27,208	-	633	-	9,845	37,686	8,870
Total Current Assets	4,439,263	425,864	368,758	627,698	588,672	6,450,255	99,428
Noncurrent Assets:							
Restricted Cash and Pooled Cash	105,160	-	16,795	303,784	85,820	511,559	260
Restricted Investments	172,683	-	-	-	-	172,683	-
Restricted Receivables	-	-	-	-	22,651	22,651	-
Investments	1,426,234	-	15,667	-	-	1,441,901	-
Other Long-Term Assets	122,315	-	-	-	1,370	123,685	-
Depreciable Capital Assets and Infrastructure, net	7,089,262	14,074	1,135,165	618	232,750	8,471,869	122,869
Land and Nondepreciable Capital Assets	1,308,795	14,773	581,254	16,729	428,196	2,349,747	523
Total Noncurrent Assets	10,224,449	28,847	1,748,881	321,131	770,787	13,094,095	123,652
TOTAL ASSETS	14,663,712	454,711	2,117,639	948,829	1,359,459	19,544,350	223,080
DEFERRED OUTFLOW OF RESOURCES:	485,921	5,400	3,279	749	38,772	534,121	29,041
LIABILITIES:							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	429,386	121,708	37,043	42,102	43,081	673,320	37,294
Due To Other Governments	-	87,924	-	267,321	19,895	375,140	-
Due To Other Funds	2,671	156,435	-	-	58,796	217,902	566
Due To Component Units	151	-	-	-	-	151	-
Unearned Revenue	692,537	-	1,300	20,255	56,306	770,398	3,066
Compensated Absences Payable	27,364	5	-	-	1,378	28,747	1,202
Claims and Judgments Payable	1,273	-	-	-	-	1,273	-
Leases Payable	5,563	-	-	-	269	5,832	22,644
Notes, Bonds, and COPs Payable	179,190	-	-	-	575	179,765	-
Other Postemployment Benefits	16,448	-	-	-	-	16,448	-
Other Current Liabilities	167,072	-	-	604,807	41,658	813,537	698
Total Current Liabilities	1,521,655	366,072	38,343	934,485	221,958	3,082,513	65,470
Noncurrent Liabilities:							
Due to Other Funds	-	-	-	-	16,211	16,211	-
Deposits Held In Custody For Others	-	-	-	-	25	25	-
Accrued Compensated Absences	381,804	102	67	-	15,649	397,622	12,555
Claims and Judgments Payable	45,168	-	-	-	-	45,168	-
Capital Lease Payable	28,381	-	-	-	1,432	29,813	72,491
Derivative Instrument Liability	46,864	-	-	-	-	46,864	-
Notes, Bonds, and COPs Payable	4,390,003	-	526,383	-	656	4,917,042	-
Due to Component Units	1,704	-	-	-	-	1,704	-
Net Pension Liability	3,158,150	13,183	6,605	9,826	382,883	3,570,647	343,895
Other Postemployment Benefits	819,815	507	259	387	14,891	835,859	13,092
Other Long-Term Liabilities	48,541	-	54,336	-	19	102,896	-
Total Noncurrent Liabilities	8,920,430	13,792	587,650	10,213	431,766	9,963,851	442,033
TOTAL LIABILITIES	10,442,085	379,864	625,993	944,698	653,724	13,046,364	507,503
DEFERRED INFLOW OF RESOURCES:	1,602,741	5,300	134,292	6,411	169,663	1,918,407	144,891
NET POSITION:							
Net investment in Capital Assets:	4,276,183	28,847	989,918	17,346	611,613	5,923,907	28,256
Restricted for:							
Construction and Highway Maintenance	-	-	-	-	-	-	-
Education	978,486	-	-	-	-	978,486	-
Unemployment Insurance	-	-	-	(18,877)	-	(18,877)	-
Debt Service	414	-	15,667	-	-	16,081	-
Emergencies	-	-	-	-	34,000	34,000	-
Permanent Funds and Endowments:							
Expendable	173,493	-	-	-	-	173,493	-
Nonexpendable	83,909	-	-	-	-	83,909	-
Other Purposes	-	-	-	-	34,528	34,528	-
Unrestricted	(2,407,678)	46,100	355,048	-	(105,297)	(2,111,827)	(428,529)
TOTAL NET POSITION	$ 3,104,807	$ 74,947	$ 1,360,633	$ (1,531)	$ 574,844	$ 5,113,700	$ (400,273)

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

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:							
Unemployment Insurance Premiums	$ -	$ -	$ -	$ 546,038	$ -	$ 546,038	$ -
License and Permits	-	-	-	125	170,292	170,417	-
Tuition and Fees	3,316,104	-	-	-	1,760	3,317,864	-
Scholarship Allowance for Tuition and Fees	(743,547)	-	-	-	-	(743,547)	-
Sales of Goods and Services	2,600,259	936,355	127,758	-	762,456	4,426,828	465,685
Scholarship Allowance for Sales of Goods & Services	(28,873)	-	-	-	-	(28,873)	-
Investment Income (Loss)	1,252	-	-	-	7,676	8,928	-
Rental Income	17,565	-	-	-	2,262	19,827	14,455
Gifts and Donations	44,495	-	-	-	-	44,495	-
Federal Grants and Contracts	1,229,875	2,650,210	14,659	2,911,035	283,408	7,089,187	-
Intergovernmental Revenue	6,883	-	-	-	49,858	56,741	-
Other	406,938	769	1,199	7	3,745	412,658	936
TOTAL OPERATING REVENUES	6,850,951	3,587,334	143,616	3,457,205	1,281,457	15,320,563	481,076
OPERATING EXPENSES:							
Salaries and Fringe Benefits	4,503,192	29,747	4,989	3,938	119,195	4,661,061	172,011
Operating and Travel	1,623,071	3,462,641	4,053	4,758,199	408,773	10,256,737	171,091
Cost of Goods Sold	136,468	-	-	-	50,256	186,724	-
Depreciation and Amortization	470,869	2,352	19,320	2,400	18,351	513,292	31,158
Intergovernmental Distributions	35,306	20,467	8	-	18,328	74,109	-
Debt Service	-	-	-	-	10,566	10,566	-
Prizes and Awards	287	-	-	-	425,950	426,237	21
TOTAL OPERATING EXPENSES	6,769,193	3,515,207	28,370	4,764,537	1,051,419	16,128,726	374,281
OPERATING INCOME (LOSS)	81,758	72,127	115,246	(1,307,332)	230,038	(808,163)	106,795
NONOPERATING REVENUES AND (EXPENSES):							
Taxes	-	-	-	-	34,626	34,626	-
Fines and Settlements	18	-	-	1,931	499	2,448	1
Investment Income (Loss)	260,823	26	16,921	28,270	20,728	326,768	2,004
Rental Income	33,988	-	-	1	15,339	49,328	-
Gifts and Donations	271,655	-	-	-	1,756	273,411	-
Intergovernmental Distributions	(33,574)	-	-	-	(70,365)	(103,939)	-
Federal Grants and Contracts	365,902	-	5,592	-	-	371,494	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(10,302)	-	77,470	-	(26)	67,142	1,501
Insurance Recoveries from Prior Year Impairments	3,922	-	-	-	1,850	5,772	20
Debt Service	(174,751)	-	(7,473)	-	(187)	(182,411)	(2,443)
Other Expenses	(3,848)	-	(312)	-	-	(4,160)	-
Other Revenues	34,349	-	-	-	2,047	36,396	-
TOTAL NONOPERATING REVENUES (EXPENSES)	748,182	26	92,198	30,202	6,267	876,875	1,083
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	829,940	72,153	207,444	(1,277,130)	236,305	68,712	107,878
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:							
Capital Contributions	114,247	-	-	-	4,411	118,658	317
Additions to Permanent Endowments	20	-	-	-	-	20	-
Transfers-In	480,951	-	40	56	25,422	506,469	5,380
Transfers-Out	(6,336)	(16,453)	-	(2,755)	(88,290)	(113,834)	(7,363)
TOTAL CONTRIBUTIONS AND TRANSFERS	588,882	(16,453)	40	(2,699)	(58,457)	511,313	(1,666)
CHANGE IN NET POSITION	1,418,822	55,700	207,484	(1,279,829)	177,848	580,025	106,212
NET POSITION - FISCAL YEAR BEGINNING	1,683,539	8,038	1,153,149	1,278,298	396,996	4,520,020	(506,485)
Prior Period Adjustments (See Note 15A)	-	11,209	-	-	-	11,209	-
Accounting Changes (See Note 15B)	2,446	-	-	-	-	2,446	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	1,685,985	19,247	1,153,149	1,278,298	396,996	4,533,675	(506,485)
NET POSITION - FISCAL YEAR ENDING	$ 3,104,807	$ 74,947	$ 1,360,633	$ (1,531)	$ 574,844	$ 5,113,700	$ (400,273)

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 2,589,415	$ -	$ -
Fees for Service	2,531,702	1,128,988	123,560
Receipts for Interfund Services	-	-	1,633
Sales of Products	-	-	-
Gifts, Grants, and Contracts	1,669,286	2,359,186	24,587
Loan and Note Repayments	382,264	-	-
Unemployment Insurance Premiums	-	-	-
Income from Property	51,552	-	-
Other Sources	468,254	769	3,342
Cash Payments to or for:			
Employees	(5,364,757)	(30,734)	(8,507)
Suppliers	(1,487,315)	(3,454,410)	(25,760)
Payments for Interfund Services	-	-	(640)
Sales Commissions and Lottery Prizes	-	-	-
Unemployment Benefits	-	-	-
Scholarships	(145,966)	-	-
Others for Student Loans and Loan Losses	(397,779)	-	-
Other Governments	(35,306)	-	(8)
Other	(208,398)	(4,147)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	52,952	(348)	118,207
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	361,967	-	40
Transfers-Out	(6,336)	(16,453)	-
Receipt of Deposits Held in Custody	226,195	36	-
Release of Deposits Held in Custody	(228,667)	(36)	-
Gifts and Grants for Other Than Capital Purposes	630,566	-	-
Intergovernmental Distributions	(33,574)	-	-
Unclaimed Property Fund Interest	-	-	-
NonCapital Debt Proceeds	-	-	6,368
NonCapital Debt Service Payments	(754)	-	(6,368)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	949,397	(16,453)	40
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(829,538)	(79,265)	(194,209)
Capital Contributions	192,922	-	-
Capital Gifts, Grants, and Contracts	27,429	-	-
Proceeds from Sale of Capital Assets	30,493	59,274	127,097
Capital Debt Proceeds	1,071,891	-	-
Capital Debt Service Payments	(1,098,661)	-	(5,395)
Capital Lease Payments	(17,997)	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(623,461)	(19,991)	(72,507)

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

			GOVERNMENTAL ACTIVITIES
UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ 1,726	$ 2,591,141	$ -
-	191,064	3,975,314	2,657
-	5,285	6,918	460,891
7	712,442	712,449	1,619
2,075,682	283,332	6,412,073	-
-	-	382,264	-
548,094	-	548,094	-
1	17,587	69,140	14,400
28,347	110,234	610,946	805
-	(221,945)	(5,625,943)	(261,067)
-	(179,528)	(5,147,013)	(97,241)
(9,449)	(4,880)	(14,969)	(64,473)
-	(480,722)	(480,722)	-
(3,501,479)	-	(3,501,479)	-
-	-	(145,966)	-
-	-	(397,779)	-
-	(18,736)	(54,050)	(1)
-	(218,081)	(430,626)	(864)
(858,797)	197,778	(490,208)	56,726
56	26,037	388,100	5,404
(2,755)	(88,290)	(113,834)	(7,363)
-	1,044	227,275	731
-	(692)	(229,395)	(275)
-	1,756	632,322	-
-	(68,095)	(101,669)	-
-	2,036	2,036	-
-	129	6,497	87
-	(129)	(7,251)	(87)
(2,699)	(126,204)	804,081	(1,503)
-	(122,532)	(1,225,544)	(37,965)
-	-	192,922	-
-	-	27,429	-
-	65,390	282,254	35,037
-	-	1,071,891	-
-	(682)	(1,104,738)	(64)
-	(369)	(18,366)	(23,779)
-	(58,193)	(774,152)	(26,771)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	113,010	198	7,515
Proceeds from Sale/Maturity of Investments	8,986,685	-	17,734
Purchases of Investments	(9,284,724)	-	(15,095)
Increase(Decrease) from Unrealized Gain(Loss) on Investments	84,404	(171)	9,325
NET CASH FROM INVESTING ACTIVITIES	(100,625)	27	19,479
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	278,263	(36,765)	65,219
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,384,846	36,765	301,668
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,663,109	$ -	$ 366,887
RECONCILIATION OF OPERATING INCOME TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 81,758	$ 72,127	$ 115,246
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Provided by Operating Activities:			
Depreciation	470,869	2,352	19,320
Investment/Rental Income and Other Revenue in Operating Income	-	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	81,501	-	5,592
(Gain)/Loss on Disposal of Capital and Other Assets	837	-	-
Compensated Absences Expense	46,998	64	26
Interest and Other Expense in Operating Income	1,933	-	(7,450)
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred			
Inflows Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(23,257)	(270,666)	1,770
(Increase) Decrease in Inventories	2,330	-	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(8,965)	-	(588)
(Increase) Decrease in Pension Deferred Outflow	363,677	6,761	1,926
(Increase) Decrease in OPEB Deferred Outflow	2,688	(186)	15
Increase (Decrease) in Accounts Payable	(25,572)	(2,062)	(12,428)
Increase (Decrease) in Pension Liability	(587,090)	(1,550)	(1,823)
Increase (Decrease) in OPEB Liability	(176,002)	179	(95)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	297,667	194,949	230
Increase (Decrease) in Pension Deferred Inflow	(662,723)	(2,409)	(3,563)
Increase (Decrease) in OPEB Deferred Inflow	186,303	93	29
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 52,952	$ (348)	$ 118,207
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	(8,534)	-	-
Capital Assets Acquired by Grants or Donations and Payable Increases	36,813	-	124,116
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	70,362	-	8,697
Loss on Disposal of Capital and Other Assets	132	-	-
Disposal of Capital Assets	2,345	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	38,792	-	-
Assumption of Capital Lease Obligation or Mortgage	2,350	-	-
Financed Debt Issuance Costs	813	-	(48)
Gain on Debt Defeasance	5,118	-	-
Bad Debt Expense	6,543	-	-
Fair Value Change in Derivative Instrument	3,675	-	-
State Support for PERA Pensions	24,372	(37)	40
Noncapital Gifts	1,078	-	-
Loss on Debt Defeasance	(668)	-	-
Additions to Investments held by Foundation	344	-	-
Federal Receivables (BABS & CARES)	896	-	-
Proceeds from 2019A refunding Bonds	-	-	44,645
Payment of 2010A bonds	-	-	(42,820)

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

			GOVERNMENTAL ACTIVITIES
UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
28,254	13,906	162,883	208
-	13,848	9,018,267	-
-	(292)	(9,300,111)	-
16	8,610	102,184	1,796
28,270	36,072	(16,777)	2,004
(833,226)	49,453	(477,056)	30,456
1,168,252	511,865	3,403,396	56,811
$ 335,026	$ 561,318	$ 2,926,340	$ 87,267
$ (1,307,332)	230,038	$ (808,163)	$ 106,795
2,400	18,351	513,292	31,158
-	(2,191)	(2,191)	-
1,932	52,353	141,378	50
-	-	837	-
-	1,592	48,680	2,251
-	13,812	8,295	1,006
(473,005)	(1,957)	(767,115)	(558)
-	(971)	1,359	(390)
-	(70)	(9,623)	(199)
1,500	46,396	420,260	41,790
7	65	2,589	91
41,455	(4,401)	(3,008)	9,682
(3,717)	(72,193)	(666,373)	(61,824)
(182)	(3,830)	(179,930)	(3,054)
880,592	(3,270)	1,370,168	(939)
(2,579)	(79,231)	(750,505)	(71,750)
132	3,285	189,842	2,617
$ (858,797)	$ 197,778	$ (490,208)	$ 56,726
-	615	(7,919)	292
-	3,796	164,725	-
-	1,078	80,137	-
-	55	187	(1,472)
-	-	2,345	-
-	(616)	38,176	(452)
-	-	2,350	20,773
-	-	765	-
-	-	5,118	-
-	-	6,543	-
-	-	3,675	-
56	545	24,976	(417)
-	-	1,078	-
-	-	(668)	-
-	-	344	-
-	-	896	-
-	-	44,645	-
-	-	(42,820)	-

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE PURPOSE TRUST	AGENCY
ASSETS:			
Cash and Pooled Cash	$ 110,152	$ 214,231	$ 2,007,534
Taxes Receivable, net	-	-	229,801
Other Receivables, net	1,789	17,978	1,749
Due From Other Funds	1,860	12,022	18,476
Due From Component Units	-	-	113
Restricted Cash and Pooled Cash	-	76,643	-
Investments:			
Government Securities	6,049	480	-
Corporate Bonds	10,820	-	-
Asset Backed Securities	1,013	-	-
Mortgages	6,270	19,407	-
Mutual Funds	34,839	9,081,666	-
Guaranteed Investment Contracts	-	159,686	-
Other Investments	25,471	943	-
Other Long-Term Assets	-	-	8,739
TOTAL ASSETS	198,263	9,583,056	2,266,412
LIABILITIES:			
Tax Refunds Payable	-	-	1,696
Accounts Payable and Accrued Liabilities	23,691	23,632	4,748
Due To Other Governments	-	-	401,352
Due To Other Funds	4	317	134
Intrafund Payables	1	-	-
Unearned Revenue	-	23,471	-
Claims and Judgments Payable	22,928	-	58
Other Current Liabilities	-	-	1,854,145
Deposits Held In Custody For Others	-	6,364	4,247
Accrued Compensated Absences	139	-	-
Other Long-Term Liabilities	-	-	32
TOTAL LIABILITIES	46,763	53,784	$ 2,266,412
NET POSITION:			
Restricted for:			
OPEB	84,527	-	
Pension/Benefit Plan Participants	66,973	-	
Individuals, Organizations, and Other Entities	-	9,529,272	
TOTAL NET POSITION	$ 151,500	$ 9,529,272	

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, 2020

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE PURPOSE TRUST
ADDITIONS:		
Additions By Participants	$ -	$ 1,432,866
Member Contributions	92,386	-
Employer Contributions	380,817	-
Investment Income/(Loss)	6,674	363,511
Unclaimed Property Receipts	-	59,218
Other Additions	4,927	3,322
Transfers- In	1,576	1
TOTAL ADDITIONS	486,380	1,858,918
DEDUCTIONS:		
Distributions to Participants	3,250	352,835
Health Insurance Premiums Paid	159,672	-
Health Insurance Claims Paid	244,489	-
Other Benefits Plan Expense	32,270	-
Payments in Accordance with Trust Agreements	-	976,362
Other Deductions	21,802	-
Transfers- Out	205	35
TOTAL DEDUCTIONS	461,688	1,329,232
CHANGE IN NET POSITION	24,692	529,686
NET POSITION - FISCAL YEAR BEGINNING	126,808	8,999,586
NET POSITION - FISCAL YEAR ENDING	$ 151,500	$ 9,529,272

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

STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2020

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 245,559	$ 44,845	$ 3,982	$ 294,386
Contributions Receivable, net	-	40,748	-	40,748
Other Receivables, net	78,538	-	6,738	85,276
Due From Other Governments	2,967	-	-	2,967
Prepaids, Advances and Deposits	-	-	969	969
Other Current Assets	74	405	3,821	4,300
Total Current Assets	327,138	85,998	15,510	428,646
Noncurrent Assets:				
Restricted Cash and Pooled Cash	91,438	-	5,884	97,322
Restricted Investments	67,989	-	-	67,989
Restricted Receivables	1,055	-	-	1,055
Investments	-	2,142,113	-	2,142,113
Contributions Receivable, net	-	82,952	-	82,952
Other Long-Term Assets	943,282	-	218	943,500
Depreciable Capital Assets and Infrastructure, net	30	1,332	151,469	152,831
Land and Nondepreciable Capital Assets	-	-	25,335	25,335
Total Noncurrent Assets	1,103,794	2,226,397	182,906	3,513,097
TOTAL ASSETS	1,430,932	2,312,395	198,416	3,941,743
DEFERRED OUTFLOW OF RESOURCES:	2,951	-	115	3,066
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	11,043	14,646	7,780	33,469
Due To Other Governments	2,315	-	-	2,315
Unearned Revenue	-	-	4,816	4,816
Notes, Bonds, and COPs Payable	33,960	-	-	33,960
Other Current Liabilities	163,330	20,950	2,083	186,363
Total Current Liabilities	210,648	35,596	14,679	260,923
Noncurrent Liabilities:				
Deposits Held In Custody For Others	-	447,774	-	447,774
Notes, Bonds, and COPs Payable	388,855		-	388,855
Net Pension Liability	3,997	-	716	4,713
Other Postemployment Benefits	195	-	83	278
Other Long-Term Liabilities	26,474	19,240	6,195	51,909
Total Noncurrent Liabilities	419,521	467,014	6,994	893,529
TOTAL LIABILITIES	630,169	502,610	21,673	1,154,452
DEFERRED INFLOW OF RESOURCES:	2,993	-	308	3,301
NET POSITION:				
Net investment in Capital Assets:	(23)	1,332	176,804	178,113
Permanent Funds and Endowments:				
Expendable	-	1,073,982	-	1,073,982
Nonexpendable	-	671,904	-	671,904
Other Purposes	755,148	-	1,221	756,369
Unrestricted	45,596	62,567	(1,475)	106,688
TOTAL NET POSITION	$ 800,721	$ 1,809,785	$ 176,550	$ 2,787,056

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

STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
EXPENSES	$ 33,706	$ 214,070	$ 42,766	$ 290,542
PROGRAM REVENUES:				
Charges for Services	25,685	4,741	49,644	80,070
Operating Grants and Contributions	35,552	248,290	32	283,874
Capital Grants and Contributions	-	-	3,977	3,977
TOTAL PROGRAM REVENUES:	61,237	253,031	53,653	367,921
NET (EXPENSE) REVENUE	27,531	38,961	10,887	77,379
GENERAL REVENUES:				
Unrestricted Investment Earnings (Losses)	10,212	15,043	128	25,383
TOTAL GENERAL REVENUES	10,212	15,043	128	25,383
CHANGE IN NET POSITION	37,743	54,004	11,015	102,762
NET POSITION - FISCAL YEAR BEGINNING	762,978	1,755,781	159,366	2,678,125
Accounting Changes (See Note 15B)	-	-	6,169	6,169
NET POSITION - FISCAL YEAR BEGINNING (Restated)	762,978	1,755,781	165,535	2,684,294
NET POSITION - FISCAL YEAR ENDING	$ 800,721	$ 1,809,785	$ 176,550	$ 2,787,056

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

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 2020:

GASB Statement No. 84- Fiduciary Activities. In 2020, the Auraria Higher Education Center early implemented GASB Statement No.84. The standard was not implemented at a statewide level. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

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.

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.

The University Physicians Inc., d/b/a CU Medicine, is a Colorado non-profit corporation under Section 501(c)(3) of the Internal Revenue Code, organized to perform the billing, collection, and disbursement of functions for professional services rendered for CU Anschutz as authorized in Section 23-20-114 of the Colorado Revised Statutes (C.R.S). The State appoints a majority of CU Medicine's governing body, and is able to impose its will. Additionally, CU Medicine exclusively benefits the State by providing the services described above.

Incorporated in 2015 with operations starting in Fiscal Year 2017, the University of Colorado Property Construction, Inc. (CUPCO), receives, holds, invests, and administers real and personal property for the benefit of the University of Colorado. The State appoints CUPCO's governing body, is able to impose its will on the organization, and the organization provides services entirely to the State.

The entities noted below are blended component units of state universities and, as such, are included with the balances for state universities in this report. This report does not include any disclosures specific to these entities, as they do not meet the state's threshold for disclosure.

- 18th Avenue, LLC
- Altitude West, LLC
- Colorado School of Mines Building Corporation
- Mines Applied Technology Transfer, Inc.
- SBCCOE Employee Benefit Trust Fund
- University License Equity Holdings, Inc.

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, 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 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.

The Statewide Internet Portal Authority (SIPA) was created by Colorado Statute in 2004 to develop the officially recognized statewide internet portal (Colorado.gov) in order to connect citizens with state and local government in Colorado. SIPA provides governments with the efficient technology solutions they need to enable their citizens to obtain information and conduct business electronically. SIPA is governed by a Board of Directors that are all appointed by the State or member by ex-officio due to position in the State which gives the State the ability to impose its will.

The State's financial statements do not include amounts relating to several component units that would be discretely presented. Based upon the State's determination, the following component units do not meet the minimum threshold required to be included in the State's financial statements:

- Colorado Channel Authority
- Colorado Energy Research Authority
- Colorado Horse Development Authority
- Colorado Mesa University Real Estate Foundation
- Colorado National Guard Foundation, Inc.
- Colorado Pet Overpopulation Authority
- Higher Education Competitive Research Authority

Contact:

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

State of Colorado
Office of the State Controller
Financial Reporting & 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 University of Colorado Foundation, which has a matching fiscal year end, but also includes 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):

<u>General Fund</u>

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.

Federal Special Revenue Fund

This fund reports funds received from the Federal Government as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Emergency Supplemental Funding (CESF) programs. These programs were passed in response to the economic fallout of the COVID-19 pandemic in the United States.

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.

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.

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.

Unemployment Insurance

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

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. All land and library materials/collections are capitalized regardless of cost.

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	5,000	50,000
Vehicles and Equipment	NA	5,000
Software (purchased)	NA	5,000
Software (internally developed)	NA	50,000
Works of Art/Historical Treasure	NA	5,000
Other	5,000	NA
Infrastructure	5,000	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. Useful life for intangible assets, excluding software, vary based upon the nature of the asset.

Asset Class	Estimated Useful Life
Land Improvements	5 to 50 years
Buildings	3 to 122 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 and the Colorado Community College System, which early-implemented GASB Statement No. 89 in FY 2018, and the Metropolitan State University, which early-implemented GASB Statement No. 89 in FY 2019, 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). See Note 15 and Note RSI 4 for additional information.

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 2020 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. A negative unassigned amount can be reported for governmental funds other than the general fund if total fund balance is not sufficient to classify restricted and committed amounts.

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 2017 and costs from the Fiscal Year 2019 Appropriations bill that were incorporated in State agency budgets for Fiscal Year 2020. 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 four 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, 2020, were $45.7 million as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- Medical and L-T Care Services for Medicaid Eligible Individuals – The Department of Health Care Policy & Financing overspent this line item by $22.5 million general funds. This line item covers expenditures for the majority of services rendered for Medicaid members. The Department collected much lower rebates and outpatient cost settlements than budgeted which resulted in less expenditures being offset.

- Children's Basic Health Plan Medical and Dental Costs – The Department of Health Care Policy & Financing overspent this line item by $0.4 million cash funds. The Department under forecasted the cost per member in the CHP+ expansion population. As part of the forecast, the Department projects how much will be paid in retroactive capitations and more was paid on these retroactive capitations than projected.

- Behavioral Health Fee-for-Service Payments – The Department of Health Care Policy & Financing overspent this line item by $0.3 million cash funds. The behavioral health fee-for-service line represents expenditures that are 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. The overexpenditure occurred due to utilization growing by more than projected in the second half of the year.

- <u>Behavioral Health Capitation Payments</u> – The Department of Health Care Policy & Financing overspent this line item by $1.3 million cash funds. The Department received recent guidance from its federal partner that it could not draw an enhanced 90% match for any portion of the incentive payments paid to the Regional Accountable Entities (RAEs). The Department budgeted for the 90% match for the amount allocated to the Affordable Care Act expansion populations with the 10% share coming from the CHASE fund, but could only claim 50% match for that amount with the 50% share coming from the HAS fee.

- <u>DHS - Mental Health Institutes</u> – The Department of Health Care Policy & Financing overspent this line item by $0.06 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 2020.

- <u>Division of Youth Corrections – Medicaid Funding</u> – The Department of Health Care Policy & Financing overspent this line item by $0.3 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.

- <u>Medicare Modernization Act Contribution</u> – 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 is a one-time problem and not expected to occur again in the future.

- <u>Clinic Based Indigent Care</u> – The Department of Health Care Policy & Financing overspent this line item by $0.002 million general funds. The overexpenditure occurred due to a miscalculation of the amount of federal funds from the Families First Coronavirus Response Act available to supplant General Fund for this line item. The calculation used an incorrect figure to determine the revised spending authority and consequently over-reduced the General Fund spending authority.

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

- None at June 30, 2020.

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

- <u>Local Election Reimbursement</u> – The Secretary of State overspent this line item by $1.0 million general funds. Proposition 107, approved by voters in November 2016, restored the Presidential Primary and authorized participation by unaffiliated voters. SB17-305 codified in statute that counties will be reimbursed from the General Fund for their actual direct costs for the preparation and conduct of the Presidential Primary Election. Accurately estimating these costs was difficult for counties considering it had been many years since Colorado last conducted a presidential primary and the state had never conducted such an election that allowed for the participation of unaffiliated voters. When counties actually conducted this election on March

3, 2020, their actual expenses significantly exceeded this estimate due largely to greater than anticipated voter participation.

Approved Judicial Overexpenditures, subject to the $1.0 million limit:

- None at June 30, 2020.

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

- Professional Development Cash Fund – The Department of Personnel and Administration had a deficit fund balance in this fund of $0.4 million. The Center for Organizational Effectiveness (COE) had projected a small positive fund balance at fiscal year-end considering that many departments spend money on training toward the end of the fiscal year. Due to the COVID-19 pandemic, the significant economic downturn with projected budgetary shortfalls, and direction to cut spending in Fiscal Year 2020 (particularly spending on training), revenue from March - June 2020 was insufficient to cover fund expenditures.

- Colorado Office of Film, Television and Media Operational Account – The Governor's Office of Economic Development and International Trade had a deficit balance in this fund of $0.2 million. The transfer of Gaming revenues to this fund was repealed in with the passage of House Bill 20-1399. Historically, funds distributed in August were used to cover the prior year's spending. The legislation was signed on June 30 resulting in the loss of the revenue stream to cover Fiscal Year 2020 expenditures.

- Highway Fund – The Department of Transportation had a deficit in this fund of $0.2 million. This fund provides the following services: Print Shop, State Fleet and Sign Shop services. The Print Shop has not been able to cover its expenses and is now closed. The Sign Shop is working on reducing the deficit fund balance. The deficit fund balance has decreased from $0.4 million in the prior year and it is forecasted that 24 months will be needed to cover this deficit fund balance.

Unemployment Insurance Fund – The Department of Labor and Employment had a deficit in this fund of $15.3 million. Due to the recession caused by the COVID-19 pandemic, estimated unemployment insurance benefits payable exceeded available and estimated resources at the end of Fiscal Year 2020. The Department has options available to address the deficit including, but not limited to, assessing unemployment insurance premium surcharges. The Department does not expect that this would be an ongoing problem outside of unprecedented circumstances like the COVID-19 pandemic.

- Parks Internal Improvement Fund – The Department of Natural Resources had a deficit in the fund of $0.009 million. The State Land Board (SLB) has investment properties that are managed by a commercial property management company. The investment company distributed $16,719 over the net income for the fiscal year. As a trust fund, the transfer is not reversible. The SLB will hold funds to cover the deficit before final transfers are made to the Parks Cash Fund.

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 2021 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, 2020:

- Medicaid Buy-In Cash Fund - $0.2 million
- Health Care Expansion Fund - $1.8 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 2020, revenue subject to TABOR was $14,873.8 million, which fell below the $14,956.4 million ESRC by $82.6 million, and by $2,624.8 million over the original TABOR limit. Therefore, there is not a refund payable from Fiscal Year 2020 revenue. During the year, the State reimbursed $94.8 thousand of the Fiscal Year 2015 refund payable through the sales tax and earned income tax credit mechanisms, $140.8 million of the Fiscal Year 2019 refund payable through the property tax reimbursement mechanism, and $147.4 million of the Fiscal Year 2019 refund payable through the income tax rate reduction mechanism. Total TABOR refunds in Fiscal Year 2020 were $288.3 million. The State's liability for TABOR refunds was $144.0 million at June 30, 2020, which includes prior-year revenue adjustments of $575,228. Since the inception of Referendum C in Fiscal Year 2006, the State has retained $24,440.8 million (unadjusted for prior year errors) – $3,593.6 million during the initial five-year revenue retention period, and an additional $20,847.2 million as a result of the higher ESRC limit in Fiscal Year 2011 through Fiscal Year 2020.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. The estimated reserve amount for Fiscal Year 2020 was based on the revenue projection prepared in March 2019 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, 2020, the financial net positions, or fund balances of the following funds were restricted:

- Major Medical Fund, a portion of the nonmajor Labor Fund – $70.0 million maximum set in the Long Appropriations Act. At June 30, 2020, the fund's net assets were less than $70.0 million. Available cash and investments totaling $66.6 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 – $96.0 million maximum set in the Long Appropriations Act. At June 30, 2020, the fund's net assets were less than $96.0 million. Operating cash totaling $75.5 million was restricted. During the fiscal year, $23.0 million was transferred from the Controlled Maintenance Trust Fund to the Disaster Emergency Fund, through Executive Order D 2020 032, in response to the COVID-19 pandemic.

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

The 2019 legislative session Long Appropriations Act also designated up to $178.6 million of State properties as the remainder of the emergency reserve.

Based on actual fiscal year nonexempt revenues in Fiscal Year 2020, the required reserve was $446.2 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 $20.5 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, PREPAIDS, 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 $1,057.3 million as of June 30, 2020. Under the GASB Statement No. 40 definitions, $58.0 million of the State's total bank balance of $1,299.8 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.

RECEIVABLES

The Taxes Receivable of $2,834.0 million shown on the government-wide *Statement of Net Position* in current assets net of long-term taxes receivable of $188.6 million, primarily comprises the following:

- $2,864.2 million in the General Purpose Revenue Fund, mainly self-assessed income and sales tax. This amount includes $188.6 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*.

- $86.9 million of unemployment insurance premiums receivable primarily recorded in the Unemployment Insurance Fund.

- $68.8 million recorded in non-major special revenue funds that include approximately $32.6 million from insurance premium tax and $5.4 million from gaming tax.

The Restricted Receivables of $453.6 million shown for Governmental Activities on the government-wide *Statement of Net Position* in non-current assets related primarily to $1.1 million of taxes receivable, $152.8 million of other receivables, and $289.8 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 $1,393.4 million shown on the government-wide *Statement of Net Position* are net of $718.5 million in allowance for doubtful accounts and primarily comprise the following:

- $441.8 million of receivables recorded in the General Fund, of which $34.1 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $381.6 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $7.1 million of patient receivables.

- $543.1 million of student and other receivables of Higher Education Institutions.

- $107.2 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.

- $59.7 million of receivables recorded by the Department of Labor and Employment for unemployment insurance overpayments.

INVENTORIES

Inventories of $199.5 million shown on the government-wide *Statement of Net Position* at June 30, 2020, primarily comprise the following:

- $78.8 million of resale inventories with the majority being reported by the Resource Extraction Fund - $34.7 million, Higher Education Institutions - $30.2 million, and the Highway Users Tax Fund - $10.1 million.

- $100.6 million of consumable supplies inventories, of which $42.1 million was recorded by Resource Extraction Fund, $11.0 million was recorded by the Higher Education Institutions, $10.6 million was recorded by the Highway Users Tax Fund, and $28.7 million was recorded in the Disaster Emergency Fund.

- $11.7 million of manufacturing related inventories recorded by Correctional Industries, a nonmajor enterprise fund.

PREPAIDS, ADVANCES, AND DEPOSITS

Prepaids, Advances, and Deposits of $582.2 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $413.0 million advanced federal Coronavirus Relief Funds that remained unspent as of June 30, 2020, which primarily consisted of $16.9 million advanced to area vocational schools and local district colleges, and $396.0 million advanced to school districts and charter schools.

- $46.5 million advanced to Colorado counties by the General Purpose Revenue Fund primarily related to emergency management and social assistance programs.

- $21.2 million prepaid by Higher Educational Institutions, of which $4.2 million primarily related to cash payments for library subscriptions at Colorado State University.

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

- $10.6 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.

- $8.3 million prepaid by the Governor's Office of Information Technology primarily for multi-year maintenance and licensing agreements.

- $6.2 million prepaid from the Marijuana Tax Cash Fund was to designated service organizations by the Department of Human Resources primarily for behavioral health.

- $5.9 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 $895.6 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 $188.6 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 $582.4 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 ($20.7 million), a non-major special revenue fund, and the Resource Extraction Fund ($490.8 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 $123.7 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 into 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, 2020 and 2019, the treasurer had $76.9 million and $97.2 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 $12.0 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)	Carrying Amount
Footnote Amounts	
Deposits (Note 3)	$ 1,057,253
Investments:	
Governmental Activities	12,394,968
Business-Type Activities	3,664,639
Fiduciary Activities	9,346,644
Total	$ 26,463,504
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 6,876,581
Add: Warrants Payable Included in Cash	396,122
Total Cash and Pooled Cash	7,272,703
Add: Restricted Cash	3,402,407
Add: Restricted Investments	1,508,297
Add: Investments	14,280,097
Total	$ 26,463,504

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	Highway Users Tax	Other Governmental	Total
NOT SUBJECT TO CUSTODIAL CREDIT RISK					
U.S. Treasury Bills	$ 572,969	$ -	$ -	$ 5,199	$ 578,168
U.S. Treasury Notes/Bonds	705,531	-	-	199,135	904,666
U.S. Agency Securities (Not Explicitly Guaranteed)	227,187	-	-	71,947	299,134
Commercial Paper	384,969	-	-	-	384,969
Corporate Bonds	3,424,098	-	-	486,599	3,910,697
Municipal Bonds	49,298	-	-	-	49,298
Money Market Mutual Funds	2,942,000	-	-	837	2,942,837
Asset-Backed Securities	659,868	-	-	32,235	692,103
Mortgage-Backed Securities	458,034	12,005	-	229,811	699,850
Sovereigns/Supranationals	193,903	-	-	21,368	215,271
Equity Mutual Funds	-	-	-	246,270	246,270
Other	-	323,516	2,290	1,144,982	1,470,788
SUBTOTAL	9,617,857	335,521	2,290	2,438,383	12,394,051
SUBJECT TO CUSTODIAL CREDIT RISK					
Money Market Mutual Funds	-	-	-	917	917
SUBTOTAL	-	-	-	917	917
TOTAL	$ 9,617,857	$ 335,521	$ 2,290	$ 2,439,300	$ 12,394,968

The following table lists the investments of the major enterprise funds and fiduciary funds by investment type at fair value as of June 30, 2020. 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	Transportation Enterprise	Total	Fiduciary
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Bills	$ 23,060	$ -	$ 23,060	$ 480
U.S. Treasury Notes/Bonds	110,122	-	110,122	3,947
U.S. Agency Securities (Explicitly Guaranteed)	26	-	26	-
U.S. Agency Securities (Not Explicitly Guaranteed)	85,023	-	85,023	-
Commercial Paper	2,002	-	2,002	-
Corporate Bonds	296,593	-	296,593	10,820
Municipal Bonds	15,672	-	15,672	2,103
Money Market Mutual Funds	333,864	-	333,864	545
Bond Mutual Funds	185,582	-	185,582	9,244
Asset-Backed Securities	186,341	-	186,341	1,013
Investment In Foundation Pool	473,416	-	473,416	-
Mortgage-Backed Securities	99,928	-	99,928	25,677
Guaranteed Investment Contracts	13,251	-	13,251	-
Corporate Equities	2,769	-	2,769	-
Private Equities	-	-	-	4,340
Equity Mutual Funds	1,105,512	-	1,105,512	25,050
Other	246,898	15,667	262,565	21,129
SUBTOTAL	3,180,059	15,667	3,195,726	104,348
SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Notes/Bonds	63,329	-	63,329	-
U.S. Agency Securities (Explicitly Guaranteed)	10,402	-	10,402	-
U.S. Agency Securities (Not Explicitly Guaranteed)	30,007	-	30,007	-
Corporate Bonds	205,352	-	205,352	-
Municipal Bonds	29,860	-	29,860	-
Money Market Mutual Funds	659	-	659	1,106,464
Bond Mutual Funds	18,950	-	18,950	3,435,749
Mortgage-Backed Securities	35,792	-	35,792	-
Guaranteed Investment Contracts	-	-	-	159,686
Corporate Equities	6,284	-	6,284	-
Private Equities	2,675	-	2,675	-
Equity Mutual Funds	29,717	-	29,717	4,539,453
Balanced Mutual Funds	795	-	795	-
Other	35,091	-	35,091	944
SUBTOTAL	468,913	-	468,913	9,242,296
TOTAL	$ 3,648,972	$ 15,667	$ 3,664,639	$ 9,346,644

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 must be rated at least by one and preferably two nationally recognized rating organizations. One rating must be from Moody's, Standard & Poor's, or Fitch.. 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 Pool, 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	Mortgage Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Sovereigns & Supranationals	Guranteed Investment Contracts	Other	Total
Treasurer's Pool:											
Long-term Ratings											
Aaa/AAA/AAA	$ -	$ -	$ 170,459	$ 659,868	$ -	$ 2,942,000	$ -	$ 98,906	$ -	$ -	$ 3,871,233
Aa/AA/AA	227,187	384,969	687,293	-	458,034	-	-	94,997	-	49,298	1,901,778
A/A/A	-	-	2,158,428	-	-	-	-	-	-	-	2,158,428
Baa/BBB/BBB	-	-	407,918	-	-	-	-	-	-	-	407,918
Total T-Pool	227,187	384,969	3,424,098	659,868	458,034	2,942,000	-	193,903	-	49,298	8,339,357
Higher Education Institutions:											
Long-term Ratings											
Aaa/AAA/AAA	35,681	-	61,733	121,273	1,528	369,068	18,616	-	-	9,376	617,275
Aa/AA/AA	29,639	-	35,532	14,959	-	-	120,305	-	-	27,980	228,415
A/A/A	-	-	174,972	7,786	31	-	-	-	-	1,731	184,520
Baa/BBB/BBB	3	-	207,130	4,184	-	-	409	-	-	791	212,517
Ba/BB/BB	-	-	13,194	121	-	-	-	-	-	-	13,315
B/B/B	-	-	577	225	-	-	-	-	-	-	802
Caa/CCC/CCC	-	-	-	1,428	-	-	-	-	-	-	1,428
Ca/D/DDD	-	-	-	245	-	-	-	-	-	-	245
C//DD	-	-	-	41	-	-	-	-	-	-	41
Short-term Ratings											
P1/MIG1/A-1/F-1	-	2,002	-	-	-	-	-	-	-	-	2,002
Unrated	49,517	-	4,551	36,080	1,481	659	52,017	-	86,446	19,588	250,339
Total Higher Ed	114,840	2,002	497,689	186,342	3,040	369,727	191,347	-	86,446	59,466	1,510,899
Fiduciary Funds:											
Long-term Ratings											
Aaa/AAA/AAA	-	-	343	468	6,270	545	-	-	-	570	8,196
Aa/AA/AA	-	-	869	227	19,407	-	-	-	-	1,257	21,760
A/A/A	-	-	5,883	129	-	-	-	-	-	276	6,288
Baa/BBB/BBB	-	-	3,725	-	-	-	-	-	-	-	3,725
Unrated	-	-	-	189	-	1,106,464	3,444,993	-	159,686	-	4,711,332
Total Fiduciary	-	-	10,820	1,013	25,677	1,107,009	3,444,993	-	159,686	2,103	4,751,301
All Other Funds:											
Long-term Ratings											
Aaa/AAA/AAA	-	-	14,061	25,721	549	-	-	11,294	-	-	51,625
Aa/AA/AA	71,947	-	69,275	1,690	228,199	-	-	10,075	-	-	381,185
A/A/A	-	-	203,763	1,127	-	-	-	-	-	-	204,890
Baa/BBB/BBB	-	-	188,035	2,968	805	-	-	-	-	-	191,808
Ba/BB/BB	-	-	10,545	-	60	-	-	-	-	-	10,604
B/B/B	-	-	609	-	-	-	-	-	-	-	609
Unrated	-	-	312	730	12,203	-	-	-	-	-	13,245
Total Other	71,947	-	486,600	32,236	241,816	-	-	21,369	-	-	853,966
Total	$ 413,974	$ 386,971	$ 4,419,207	$ 879,459	$ 728,567	$ 4,418,736	$ 3,636,340	$ 215,272	$ 246,132	$ 110,867	$ 15,455,523

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.

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 targets a weighted average effective duration of 3 years within range of 1-5 years and a maximum stated maturity limited to 30 years from the settlement date for Treasurer's pool funds. 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/Bo	$ 1,279,689	8.443	$ 191,967	7.466	$ 3,947	1.600	$ 197,946	11.006
U.S. Agency Securities	227,187	4.280	257,223	16.088	-	-	71,947	8.277
Bond Mutual Funds	-	-	187,086	5.802	9,244	4.280	-	-
Commercial Paper	384,969	0.060	2,002	0.109	-	-	-	-
Corporate Bonds	3,424,098	5.835	496,206	7.070	10,820	2.898	486,599	7.929
Repurchase Agreements	-	-	13,391	0.041	-	-	-	-
Certificates of Deposit	-	-	527	0.181	-	-	-	-
Asset-Backed Securities	659,868	2.183	186,341	15.856	1,013	0.080	32,235	5.088
Money Market Funds	2,942,000	-	61,900	0.109	1,107,009	0.136	-	-
Municipal Bonds	49,298	15.210	45,532	10.563	2,103	0.480	-	-
Mortgage-Backed Securities	458,581	6.782	3,040	0.480	25,677	4.264	229,264	5.614
Other	193,903	2.734	86,446	2.018	-	-	21,368	4.077
Total Investments	$ 9,619,593		$ 1,531,661		$ 1,159,813		$ 1,039,359	

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 $339.4 million with a duration of 8.2 years and a short-term inflation protected securities index fund for $82.0 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 Funds	$ 1,481	6.800
Private Purpose Trust Funds:		
CollegeInvest:		
Bond Mutual Fund-1	$ 1,030,559	6.400
Bond Mutual Fund-2	635,513	7.020
Bond Mutual Fund-3	537,918	2.000
Bond Mutual Fund-4	476,391	8.400
Bond Mutual Fund-5	89,079	6.500
Bond Mutual Fund-6	244,901	8.400

Foreign Currency Risk

Foreign Currency risk is the risk that changes in exchange rates will adversely affect their value of an investment or deposit. The Treasurer's formal investment policy does not allow for investments in foreign currency. Risk is mitigated by only permitting a maximum of 4% of treasury pool assets to be invested in sovereign/government/supranational securities.

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, 2020. 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:

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

<u>Level 2 Investments with inputs</u> – quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other-than-quoted prices that are not observable. Example: Ownership of a corporate bond that trades on an exchange that is not active.

<u>Level 3 Investments</u> – 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, 2020:

		(Amounts in Thousands)		
		Fair Value Measurements Using		
	Fair Value as of June 30, 2020	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	$ 601,707	$ 597,241	$ 4,466	$ -
U.S. Treasury Notes/Bonds	1,082,062	985,889	96,173	-
U.S. Agency Securities (Explicitly Guaranteed)	10,428	26	10,402	-
U.S. Agency Securities (Not Explicitly Guaranteed)	414,164	35,922	378,242	-
Commercial Paper	386,971	-	386,971	-
Corporate Bonds	4,423,462	5,749	4,417,713	-
Municipal Bonds	96,933	110	96,823	-
Money Market Mutual Funds	4,113,483	4,113,483	-	-
Bond Mutual Funds	3,649,525	3,649,508	17	-
Asset-Backed Securities	879,457	698	877,188	1,571
Mortgage-Backed Securities	861,246	2,142	846,901	12,203
Sovereigns/Supranationals	215,271	-	215,271	-
Guaranteed Investment Contracts	172,937	13,251	-	159,686
Investment in Foundation Pool	473,416	-	-	473,416
Corporate Equities	9,053	9,053	-	-
Private Equities	4,340	-	-	4,340
Equity Mutual Funds	5,946,002	5,946,002	-	-
Balanced Mutual Funds	795	795	-	-
Other	1,546,871	5,891	17,958	1,523,022
Total	$ 24,888,123	$ 15,365,760	$ 7,348,125	$ 2,174,238
Total investments measured at NAV	157,064			
Total other investments not valued at fair value	361,064			
Total	$ 25,406,251			

On June 30, 2020, the University of Colorado held an investment in an equity trust valued at $157.1 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, 2020.

The University of Colorado also held investments in a repurchase agreement with a contract value of $13.4 million, guaranteed investment agreements with a contract value of $73.2 million, and private equities measured at a cost of $2.7 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, 2020, the University of Colorado held $271.8 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 2020, the State capitalized $26.7 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 $12.2 million, the High Performance Transportation Enterprise of $8.6 million, and Institutions of Higher Education of $5.9 million.

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

(Amounts in Thousands)	Depreciation Amount
GOVERNMENTAL ACTIVITIES	
General Government	$ 59,368
Business, Community and Consumer Affairs	4,099
Education	36,699
Health and Rehabilitation	13,414
Justice	54,455
Natural Resources	672
Social Assistance	19,834
Transportation	330,616
Total Depreciation Expense - Governmental Activities	519,157
BUSINESS-TYPE ACTIVITIES	
Higher Education	470,869
Parks and Wildlife	13,721
State Nursing Homes	1,941
Unemployment Insurance	2,400
Transportation	19,320
Social Assistance	2,807
Other Enterprise Funds	2,235
Total Depreciation Expense - Business-Type Activities	513,293
Total Depreciation Expense Primary Government	$ 1,032,450

The schedule on the following page shows the capital asset activity during Fiscal Year 2020. The schedule shows that $228.4 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $364.4 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	117,985	$ 951	$ -	$ 286	$ 119,222
Land Improvements	7,752	296	-	(296)	7,752
Collections	11,213	-	-	-	11,213
Other Capital Assets	2,136	300	9,911	-	12,347
Construction in Progress (CIP)	957,814	867,746	(253,881)	(22,862)	1,548,817
Infrastructure	1,024,706	63	15,570	-	1,040,339
Total Capital Assets Not Being Depreciated	2,121,606	869,356	(228,400)	(22,872)	2,739,690
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	68,781	7,751	5,364	(35)	81,861
Buildings	3,363,608	11,305	30,804	(6,303)	3,399,414
Software	541,439	2,595	15,141	19,750	578,925
Vehicles and Equipment	980,135	77,935	4,461	(32,726)	1,029,805
Library Materials and Collections	5,607	333	-	(458)	5,482
Other Capital Assets	37,208	7	-	(59)	37,156
Infrastructure	12,407,645	44	172,630	(77,622)	12,502,697
Total Capital Assets Being Depreciated	17,404,423	99,970	228,400	(97,453)	17,635,340
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(39,198)	(4,410)	-	35	(43,573)
Buildings	(1,200,950)	(82,291)	-	10,503	(1,272,738)
Software	(312,745)	(61,354)	-	2,940	(371,159)
Vehicles and Equipment	(602,110)	(68,059)	-	30,647	(639,522)
Library Materials and Collections	(4,063)	(379)	-	458	(3,984)
Other Capital Assets	(36,645)	(48)	-	58	(36,635)
Infrastructure	(5,107,395)	(303,913)	-	153	(5,411,155)
Total Accumulated Depreciation	(7,303,106)	(520,454)	-	44,794	(7,778,766)
Total Capital Assets Being Depreciated, net	10,101,317	(420,484)	228,400	(52,659)	9,856,574
TOTAL GOVERNMENTAL ACTIVITIES	12,222,923	448,872	-	(75,531)	12,596,264
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	630,724	34,140	1,952	(10,026)	656,790
Land Improvements	16,861	180	-	-	17,041
Collections	32,180	968	-	-	33,148
Construction in Progress (CIP)	1,162,309	733,398	(368,936)	2,494	1,529,265
Other Capital Assets	15,461	-	-	-	15,461
Infrastructure	95,441	-	2,601	-	98,042
Total Capital Assets Not Being Depreciated	1,952,976	768,686	(364,383)	(7,532)	2,349,747
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	846,783	3,297	41,926	(1,025)	890,981
Buildings	10,239,297	85,960	249,185	(45,438)	10,529,004
Software	220,640	4,245	2,554	13,062	240,501
Vehicles and Equipment	1,270,225	95,784	5,334	(39,596)	1,331,747
Library Materials and Collections	608,617	22,136	-	(1,653)	629,100
Other Capital Assets	3,770	104	-	-	3,874
Infrastructure	1,165,641	77,470	65,384	-	1,308,495
Total Capital Assets Being Depreciated	14,354,973	288,996	364,383	(74,650)	14,933,702
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(455,993)	(36,507)	-	958	(491,542)
Buildings	(3,843,863)	(328,530)	-	22,881	(4,149,512)
Software	(193,599)	(15,079)	-	4,768	(203,910)
Vehicles and Equipment	(936,022)	(91,283)	-	36,781	(990,524)
Library Materials and Collections	(474,373)	(23,232)	-	1,642	(495,963)
Other Capital Assets	(1,906)	(121)	-	-	(2,027)
Infrastructure	(107,660)	(20,695)	-	-	(128,355)
Total Accumulated Depreciation	(6,013,416)	(515,447)	-	67,030	(6,461,833)
Total Capital Assets Being Depreciated, net	8,341,557	(226,451)	364,383	(7,620)	8,471,869
TOTAL BUSINESS-TYPE ACTIVITIES	10,294,533	542,235	-	(15,152)	10,821,616
TOTAL CAPITAL ASSETS, NET	$ 22,517,456	$ 991,107	$ -	$ (90,683)	$ 23,417,880

NOTE 6 – DEFINED BENEFIT PENSIONS

Summary of Significant Accounting Policies

The State of Colorado is a participating employer in the State Division Trust Fund ("SDTF") and the Judicial Division Trust Fund ("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 Denver Public Schools Division Trust Fund ("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.

Senate Bill (SB)18-200 entitled *Modifications To PERA Public Employees' Retirement Association To Eliminate Unfunded Liability* requires a direct distribution from the State Treasury to PERA for $225 million annually to reduce unfunded PERA liabilities. The direct distributions are to occur until no unfunded actuarial accrued liabilities exist for any PERA Division Trust. PERA allocates the direct distribution to four PERA Division Trusts in proportion with payroll-based contributions. The direct distribution for fiscal year 2020 is shown below.

(In Actual Dollars)

PERA Division Trust	Additional Employer Contributions	Non-employer Contributions	Total Direct Distribution
State	$ 73,608,735	$ 3,479,747	$ 77,088,482
Judicial	1,266,324	76,777	1,343,101
School	-	127,367,213	127,367,213
Denver Public Schools	-	19,201,204	19,201,204
	$ 74,875,059	$150,124,941	$ 225,000,000

General Information about the Pension Plan

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 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, 2019, 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 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 of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.25 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 at rates established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee and employer contribution rates for the period July 1, 2019 through June 30, 2020 are presented in the following tables:

State Division Trust Fund	July 1, 2019 Through June 30, 2020
Employee contribution (all employees except State Troopers)	8.75%
State Troopers Only	10.75%

Employee 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 all employees except State Troopers are summarized in the table below:

State Division Trust Fund	July 1, 2019 Through June 30, 2020
Employer contribution rate	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)%
Amount apportioned to the SDTF	9.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%
Total employer contribution rate to the SDTF	**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:

State Division Trust Fund	July 1, 2019 Through June 30, 2020
Employer contribution rate	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)%
Amount apportioned to the SDTF	12.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%
Total employer contribution rate to the SDTF	**22.08%**

Contribution rates for the SDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Eligible employees and the State are required to contribute 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 July 1, 2019 through June 30, 2020 are presented in the following tables:

Judicial Division Trust Fund	July 1, 2019 Through June 30, 2020
Employee contribution	8.75%

Contribution rates for the JDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Judicial Division Trust Fund	July 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020
Employer contribution rate	13.91%	13.91%
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)%
Amount apportioned to the JDTF	12.89%	12.89%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	3.40%	3.8%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	3.40%	3.8%
Total employer contribution rate to the JDTF	**19.69%**	**20.49%**

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. § 24-51-414, the State is required to contribute $225 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF based on the proportionate amount of annual payroll of the SDTF to the total annual payroll of the SDTF, School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SDTF is considered a nonemployer contribution for financial reporting purposes.

Subsequent to the SDTF's December 31, 2019, measurement date, HB 20-1379 Suspend Direct Distribution to PERA Public Employees Retirement Association for 2020-21 Fiscal Year, was passed into law during the 2020 legislative session and signed by Governor Polis on June 29, 2020. This bill suspends the July 1, 2020, $225 million direct distribution allocated to the State, School, Judicial, and DPS Divisions, as required under Senate Bill 18-200.

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 JDTF. Employer contributions made by the State to the SDTF and to the JDTF were $673.8 million and $11.6 million, respectively, for the year ended June 30, 2020.

Net Pension Liability

The net pension liability for the SDTF and for the JDTF were measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. 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 2019 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, 2020, the State reported a total liability of $11.3 billion for its proportionate share of the net pension liability. 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	$ 9,265,778	$ 85,727	-	-	$ 9,351,505
Employees of other governments	49,203	582	1,681,628	202,321	1,933,734
Total	$ 9,314,981	$ 86,309	$ 1,681,628	$ 202,321	$ 11,285,239

Proportionate Share

The State's proportions at December 31, 2018, December 31, 2019, and how the proportions increased or decreased are presented in the following table:

As a Participating Employer			
	Proportionate Share		
PERA Division	12/31/2018	12/31/2019	Increase
State	95.40%	95.49%	0.08%
Judicial	94.06%	94.28%	0.22%

As a Governmental Nonemployer Contributing Entity			
	Proportionate Share		
PERA Division	12/31/2018	12/31/2019	Decrease
State	0.55%	0.51%	-0.04%
Judicial	0.85%	0.64%	-0.21%
School	12.03%	11.26%	-0.77%
DPS	34.13%	30.71%	-3.42%

Pension Expense & Aid to Other Governments

For the year ended June 30, 2020, 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	$(1,810,827)	$ (6,904)	-	-	$ (1,817,731)
Aid to other governments	20,123	211	722,841	79,128	822,303
Total	$(1,790,704)	$ (6,693)	$ 722,841	$ 79,128	$ (995,428)

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, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

State Division Trust Fund

	Deferred Outflows of Resources Related to		Deferred Inflows of Resources Related to	
(Amounts in thousands)	State's Own Employees	Employees of Other Governments	State's Own Employees	Employees of Other Governments
Difference between expected and actual experience	$ 346,189	$ 1,838	$ -	$ -
Changes of assumptions or other inputs	-	-	2,657,625	14,112
Net difference between projected and actual earnings on pension plan investments	-	-	998,278	5,301
Changes in proportion and differences between contributions recognized and proportionate share of contributions	164,687	28,855	157,803	4,065
Contributions subsequent to the measurement date	300,777	-	-	-
Total	$ 811,653	$ 30,693	$ 3,813,706	$ 23,478

Deferred outflows of resources of $300.8 million 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, 2021. 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)
2021	(2,708,120)
2022	(206,588)
2023	(39,390)
2024	(341,518)
2025	-
Thereafter	-

Judicial Division Trust Fund

(Amounts in thousands)	Deferred Outflows of Resources Related to: State's Own Employees	Deferred Outflows of Resources Related to: Employees of Other Governments	Deferred Inflows of Resources Related to: State's Own Employees	Deferred Inflows of Resources Related to: Employees of Other Governments
Difference between expected and actual experience	$ 12,368	$ 84	$ -	$ -
Changes of assumptions or other inputs	5,359	36	61,799	420
Net difference between projected and actual earnings on pension plan investments	-	-	21,787	148
Changes in proportion and differences between contributions recognized and proportionate share of contributions	492	1,014	338	297
Contributions subsequent to the measurement date	5,322	-	-	-
Total	$ 23,541	$ 1,134	$ 83,924	$ 865

Deferred outflows of resources of $5.3 million 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, 2021. 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)
2021	(15,605)
2022	(24,092)
2023	(18,582)
2024	(7,158)
2025	-
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.

(Amounts in thousands)	Deferred Outflows of Resources: School Division	Deferred Outflows of Resources: DPS Division	Deferred Inflows of Resources: School Division	Deferred Inflows of Resources: DPS Division
Difference between expected and actual experience	$ 91,650	$ 31,274	$ -	$ 119
Changes of assumptions or other inputs	48,008	8,593	762,770	70
Net difference between projected and actual earnings on pension plan investments	-	-	199,206	73,845
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,326,427	183,762	131,337	20,619
Total	$ 1,466,085	$ 223,629	$ 1,093,313	$ 94,653

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)
2021	393,313
2022	179,459
2023	21,801
2024	(92,825)
2025	-
Thereafter	-

Actuarial Assumptions
The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division Trust Fund	Judicial Division Trust Fund	School Division Trust Fund	DPS Division 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	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Post-retirement benefit increases:				
PERA benefit structure hired prior to 1/1/07	1.25 percent	1.25 percent	1.25 percent	1.25 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	Financed by the Annual Increase Reserve	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.

Post-retirement non-disabled mortality assumptions 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 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.

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, 2018 valuation 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 for the SDTF, 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 percent.

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 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200 and the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. 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 and the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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 provides an annual direct distribution of $225 million, which commenced 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.

- The projected benefit payments reflect the lowered AI cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.

- 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 rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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%) Liability	1% Increase (8.25%)
State Division Trust Fund	$ 11,983,436	$ 9,314,981	$ 7,056,810
Judicial Division Trust Fund	130,240	86,309	48,430
School Division Trust Fund	2,230,199	1,681,628	1,221,055
DPS Division Trust Fund	358,890	202,321	72,084

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.

Payables to the PERA Defined Benefit Pension Plan
A short-term payable of approximately $2.9 million existed at June 30, 2020 for employer and employee contributions due to PERA. C.R.S. 24-51-401 requires employer, employee, and retiree contributions be remitted to PERA within five days after the date the members and retirees are paid. PERA Rule 4.10-A specifies that employers are responsible for payment of interest computed on a daily rate for contributions not remitted timely.

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.

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 $31.7 million for the year ended June 30, 2020.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

At June 30, 2020 the State reported a liability of $368.1 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The State's proportion of the net OPEB liability is based on contributions to the HCTF from the State for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the State's proportion was 32.75 percent, which was a decrease of 0.65 percent from its proportion measured as of December 31, 2018.

For the year ended June 30, 2020, the State recognized OPEB expense of $21.0 million. At June 30, 2020, 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
Difference between expected and actual experience	$ 1,222	$ 61,854
Changes of assumptions or other inputs	3,054	-
Net difference between projected and actual earnings on pension plan investments	-	6,144
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,052	17,509
Contributions subsequent to the measurement date	15,836	-
Total	$ 28,164	$ 85,507

$15.8 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, 2021. 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)
2021	$ (15,106)
2022	(15,106)
2023	(13,327)
2024	(15,517)
2025	(13,327)
Thereafter	(796)

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 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	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
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, 2018, valuation 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 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$601	$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is $437 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
Medicare Advantage/Self-Insured Prescription	$562
Kaiser Permanente Medicare Advantage HMO	571

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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.

Post-retirement non-disabled 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.

Post-retirement non-disabled 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 updated and 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 2019 plan year.

- The morbidity assumptions were updated to reflect the assumed standard aging factors.

- 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 percent.

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
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A	2.50%	3.50%	4.50%
Ultimate Medicare Part A	3.50%	4.50%	5.50%
Net OPEB Liability	$359,354	$368,098	$378,202

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, 2019, 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 percent.
- 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.
- 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 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	$ 416,208	$ 368,098	$ 326,953

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.

Payables to the PERA Health Care Trust OPEB Plan

A short-term payable of $304.2 thousand existed at June 30, 2020 for employer and employee contributions due to PERA. C.R.S. 24-51-401(1.7)(a)(I) requires employer, employee, and retiree contributions be remitted to PERA within five days after the date the members and retirees are paid. PERA Rule 4.10-A specifies that employers are responsible for payment of interest computed on a daily rate for contributions not remitted timely.

University of Colorado Healthcare and Life Insurance Subsidy (University OPEB)

Plan description. University OPEB provides OPEB for University employees who participate in either the University of Colorado Optional Retirement Plan (ORP) or the University of Colorado PERA Retirement Plans (PERA). University OPEB is a single-employer, defined benefit, OPEB plan administered by the University, and established by the Regents (Regent Policy 11.F Benefits) who have the authority to amend plan provisions. No assets are accumulated in a trust that meets the criteria established in GAAP, as the University funds University OPEB on a pay-as-you-go basis. No stand-alone financial report is issued, and University OPEB is not included in the report of a public employee retirement system.

Benefits. The University subsidizes a portion of healthcare and life insurance premiums for retirees on a pay-as-you-go basis. All employees in a benefit-eligible position at 50 percent or greater appointment immediately preceding retirement are eligible to participate based on age and years of service. Spouses/partners, surviving spouses/partners, and dependents are eligible for benefits. The University specifies the maximum amount that it will contribute towards retiree healthcare benefits at the beginning of each coverage period. The retiree is required to make up the difference between the total cost and the amount contributed by the University. Benefits are not dependent on salary. For non-Medicare retirees, the subsidy for medical plans ranges from $562 per month to $1,567 per month depending on the number of individuals covered. For Medicare retirees, the subsidy ranges from $406 per month to $1,030 per month depending on the number of individuals covered. For dental plans, the subsidy ranges from $0 per month to $58 per month. The amount of life insurance offered is the lesser of 25 percent of the employee’s pre-retirement benefit or $3,000. It is assumed for purposes of this report that everyone is eligible for the maximum life insurance benefit of $3,000.

For ORP retirees, normal retirement benefits are available at age 55 with 20 years of service. Early retirement benefits begin at age 55 with 15 years of service. For PERA retirees, normal retirement benefits begin at 20 years of service and the individual must meet requirements as defined by PERA. The individual must retire with PERA concurrent with or prior to retirement from the University. Early retirement is available with fewer than 20 years of service. Healthcare benefits for PERA retirees cease at age 65. Following the death of an active employee, the surviving spouse receives 100 percent of the University contribution for a period of two years. After two years, the surviving spouse receives the portion of the University contribution that the employee earned immediately prior to death.

The percentage of the University contribution the retiree receives is based on the retiree’s years of service at retirement divided by the required number of years of service. Enrollment in University OPEB is voluntary. University and participant payments for healthcare benefits are paid to the University of Colorado Health and Welfare Trust which is responsible for administration of healthcare benefits. The University contributed $16.1 million for the fiscal year ended June 30, 2020.

Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2019. The following table presents a summary of the employees covered by the benefit terms used in the valuation.

Employees Covered by University OPEB's Benefit Terms

	Healthcare		Life Insurance	
	ORP	PERA	ORP	PERA
Active employees	13,619	4,798	14,979	5,533
Retirees and beneficiaries	1,826	646	1,910	3,060
Total	15,445	5,444	16,889	8,593

Total OPEB Liability. The University OPEB's total OPEB liability at June 30, 2020 of $712.9 million was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the actuarial assumptions and other inputs in the following table, applied to all periods included in the measurement, unless otherwise specified.

University OPEB's Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry age
Inflation	2.40%
Salary increases	PERA's 12/31/2019 assumption for the State Division (Non-Troopers)
Discount rate	3.50%

Healthcare Cost Trend Rates:

	Non-Medicare			Medicare		
Year	Medical	Rx	Contributions	Medical	Rx	Contributions
2019-2020	6.0%	9.0%	6.7%	4.9%	9.0%	7.6%
2020-2021	5.8%	8.5%	6.4%	4.9%	8.5%	7.3%
2021-2022	5.6%	8.0%	6.2%	4.8%	8.0%	7.0%
2022-2023	5.4%	7.5%	5.9%	4.8%	7.5%	6.7%
2023-2024	5.3%	7.0%	5.7%	4.7%	7.0%	6.3%
2024-2025	5.1%	6.5%	5.5%	4.7%	6.5%	6.0%
2025-2026	5.0%	6.0%	5.2%	4.6%	6.0%	5.6%
2026-2027	4.8%	5.5%	5.0%	4.5%	5.5%	5.2%
2027-2028	4.7%	5.0%	4.7%	4.5%	5.0%	4.9%
2028-2029+	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

Dental trend rate 4.50% in all years.

Administrative expense trend rate is 3.00% in all years.

Retirees' Share of Benefit Related Costs:

Plan	Retiree Only	Retiree and Spouse or Partner
Kaiser Medical	$ 109.00	$ 296.50
Exclusive Medical	$ 50.50	$ 184.50
High Deductible Medical	$ -	$ 15.00
Medicare Primary Medical	$ 41.31	$ 207.30
Essential Dental	$ -	$ 16.50
Choice Dental	$ 17.00	$ 51.50
Premier Dental	$ 46.50	$ 82.50

The discount rate was based upon the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based upon the PubT.H-2010 – Healthy Retiree Table for Males or Females, as appropriate, with generational projection using Scale MP-2019.

With the exception of the mortality assumption, the demographic assumptions are based upon Colorado PERA's "Experience Study for the Four Year Period Ending December 31, 2015" for the State Division (Non-Troopers).

The beginning liability at June 30, 2019 was measured at June 30, 2018 using the entry age normal actuarial cost method. 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.

Changes in the Total OPEB Liability. The following table details the changes in the University's total OPEB plan liability during fiscal year 2020.

Reconciliation of University OPEB's Total OPEB Liability *(in thousands)*

		Total OPEB Liability
Balance recognized at June 30, 2019	$	843,959
Changes recognized for the fiscal year:		
Services cost		53,400
Interest on total OPEB liability		34,254
Differences between expected and actual experience		(206,938)
Changes of assumption		3,678
Benefit payments		(15,461)
Net changes		(131,067)
Balance recognized at June 30, 2020	$	712,892

Changes of assumptions and other inputs reflect:

- Discount rate changed from 3.85 percent to 3.50 percent.
- Mortality table was updated from PubT.H-2010 – Healthy Retiree Table with generational projection using Scale MP-2018 to PubT.H-2010 – Healthy Retiree Table with generational projection using Scale MP-2019.
- Healthcare trend rates were updated.
- Healthcare claims costs and retiree contributions were updated based upon recent experience.

Sensitivity of the total OPEB liability to changes in the discount rate. The following table presents the total OPEB liability of the University OPEB, as well as what University OPEB's total OPEB 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 for the fiscal year ended June 30, 2020.

Sensitivity of University OPEB's Total OPEB Liability to Changes in the Discount Rate (in thousands)

	1% Decrease	Discount Rate	1% Increase
Fiscal year ended	2.50%	3.50%	4.50%
June 30, 2020	839,627	712,892	612,579

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following table presents the total OPEB liability of the University OPEB, as well as what the University OPEB's total OPEB 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 for the fiscal year ended June 30, 2020.

Sensitivity of University OPEB's Total OPEB Liability to Changes in the Healthcare Cost Trend Rate (in thousands)

Fiscal year ended	1% Decrease	Trend Rate	1% Increase
June 30, 2020	597,522	712,892	863,922

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University recognized $47.0 million in OPEB expense for the University OPEB Plan in fiscal year 2020. There are no assets accumulating in trust for the University OPEB plan. The following table illustrates the deferred outflows and inflows of resources from various sources as of June 30, 2020.

University's OPEB Deferred Outflows and Inflows *(in thousands)*

	2020	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	-	232,733
Changes in Assumptions	29,529	27,593
Contributions subsequent to the measurement date	16,062	-
Total	45,591	260,326

The $16.1 million reported as deferred outflows of resources as of June 30, 2020, resulting from contributions subsequent to the measurement date, will be recognized as a reduction to the University's OPEB liability in the year ending June 30, 2021.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown in the following table.

Future Amortization of University OPEB's Deferred Outflows of Resources and Inflows of Resources (in thousands)

Years ending June 30:		
2021	$	(40,659)
2022		(40,659)
2023		(40,659)
2024		(40,659)
2025		(29,791)
2026-2027		(38,370)
Total	$	(230,797)

Amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2020 are presented in the following table.

Amortization of University OPEB's Deferred Outflows of Resources and Deferred Inflows of Resources *(in thousands)*

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
July 1, 2017	Differences between expected and actual experience	7.4	4.4	$ (87,654)	(52,119)	(11,845)
July 1, 2017	Changes in assumptions	7.4	4.4	(46,406)	(27,593)	(6,271)
July 1, 2018	Differences between expected and actual experience	7.5	5.5	(1,728)	(1,268)	(230)
July 1, 2018	Changes in assumptions	7.5	5.5	35,919	26,341	4,789
July 1, 2019	Differences between expected and actual experience	7.5	6.5	(209,938)	(179,346)	(27,592)
July 1, 2019	Changes in assumptions	7.5	6.5	3,678	3,188	490
				Total	$ (230,797)	$ (40,659)

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 2020, 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 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.

For the fiscal year ended June 30, 2020, the State offered 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.

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 is the lesser of $19,000 or

100 percent of compensation less PERA member contributions. Catch-up contributions up to $6,000 were allowed for participants who had attained age 50 before the close of the plan year. Employees vest immediately in their own contributions.

Defined Contribution Retirement Plan (PERA 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). Pursuant to C.R.S. § 24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. 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 CAFR as referred to above.

Funding Policy – All participating employees in the PERA DC Plan, with the exception of State Troopers, are required to contribute 8.75 percent of their PERA-includable salary, and the State of Colorado is required to contribute 10.40 percent of PERA-includable salary on behalf of these employees. All participating State Troopers are required to contribute 10.75 percent of their PERA-includable salary, and the State of Colorado is required to contribute 13.10 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, 2020
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 contributed approximately $10.7 million and the State of Colorado recognized pension expense of $13.7 million 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, 2020, 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 $166.9 million during the year ended June 30, 2020. The employees' contribution under the ORP approximated $83.2 million during the year ended June 30, 2020. 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.

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)

- AIG Retirement Services (AIG)

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 12.0 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 10.8 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. For the year ended June 30, 2020, the System's contribution to the defined contribution retirement plan was equal to 11.5 percent of covered payroll, and the employee contribution was equal to 8 percent of covered payroll. The System's contribution under the ORP approximated $54.4 million during the year ended June 30, 2020.

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 ($1,000,000 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). Liability 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 and CSU-Global), 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 $500,000 per individual. The State also maintains a fully insured health plan with Kaiser that is separate from the self-funded plan. In Fiscal Year 2020, the State recovered approximately $4.3 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 $15.3 million of insurance recoveries during Fiscal Year 2020. Of that amount approximately $7.8 million was related to asset impairments that occurred in prior years. The remaining $7.5 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $4.3 million, as noted above), a Pension and Other Employee Benefits Fund, and $1.8 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 2020 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. In October 2018, the University of Colorado formed a captive insurance company, Altitude West. A captive is a limited purpose, licensed insurance company; the main business purpose of which is to insure the risks of the captive's owner, who is also its principal beneficiary. The captive insurance company owner has direct involvement in and influence over the captive's major operations, including underwriting, claims management, policy form, and investments. Altitude West operates by and for the University of Colorado. The advantages offered by Altitude West as a captive insurer are significant. It gives the University the ability to provide customized coverage specific policy forms that will allow CU to address its unique risks and exposures. There were no reductions of insurance coverage in Fiscal Year 2020, 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 2020 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $5,575,792 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years. There was a high-cost claimant incurred in Fiscal Year 2020 with a result of $5.1 million in reimbursements. 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 2020, however, the University collected $63,217 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 2020 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

CSU instructs an Actuarial company to perform an annual actuarial study of CSU's Workers' Compensation and Liability self-insurance programs. CSU is self-insured for liability insurance and carries Excess Public Liability for claims exceeding $500,000 per occurrence. CSU is liable for the first $500,000 and purchases excess liability in the amount of $25,000,000 per occurrence in two layers: the first layer of $10,000,000 with Brit (Lloyds of London), with a sexual abuse sublimit of $5,000,000, and an additional layer of $10,000,000 with Munich RE, and Brit providing an additional layer of $5,000,000. CSU carries excess Workers Compensation. Under this coverage CSU is liable for the first $500,000 and Safety National Casualty Company covers the rest up to Workers' Compensation's statutory limits. CSU carries excess insurance for property insurance with FM Global which provides coverage up to $1,000,000,000 per occurrence after CSU covers the first $100,000. CSU purchases a standalone Fine Arts/Special Collections policy with limits of $30,000,000. CSU carries Cyber Risk Liability Insurance with Lloyds of London with a liability limit of $10,000,000 after the following deductible amounts are met: $250,000 for cyber extortion, and $10,000 for crisis management and public relations. CSU has International Liability Insurance with Great Northern Insurance Company for $1,000,000. CSU carries Non-Owned Aviation Liability Insurance (Non-Owned) with Starr Aviation with a liability limit of $50,000,000 after CSU pays the $1,000 deductible for each occurrence. CSU also carries UAV (Unmanned Aerial Vehicles) Liability Insurance with Global Aerospace with a single limit of $1,000,000 per occurrence. Insurance policies are reviewed regularly for gaps in coverage, and where appropriate additional coverage may be purchased. For FY19, additional limits of $1,000,000 were purchased for social engineering coverage. As of March 1, 2016 CSU, purchased liability, professional liability and pollution liability for all CEMML (Center for Environmental Management of Military Lands) operations, including their prescribed burn operations. This insurance included a primary layer of $2,000,000 aggregate, an umbrella layer of $5,000,000, and an excess layer of $5,000,000. Effective October 2017 CSU purchased additional limits of $50,000,000 for CEMML operations, including additional responsibility for prescribed burning. There were no significant reductions in insurance coverage in Fiscal Year 2020, 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 of Northern Colorado 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 ($50,000 deductible), $500,000 of worker’s compensation insurance ($1,000 deductible), $2.0 million umbrella liability ($10,000 self-insured retention), Fidelity (employee dishonesty) covered by Travelers for $3.0 million ($25,000 deductible), and other property covered by Midwestern Higher Education Compact for $500.0 million ($50,000 deductible). There were no significant reductions in insurance coverage in Fiscal Year 2020, 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 2020, 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 ($10,000 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 ($25,000 deductible), $1.0 billion of property ($50,000 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 2020, 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 2020, 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 $541.2 million ($10,000 deductible), $2.0 million of general liability ($0 deductible), and $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 2020 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 2020, 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 2020 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 2020 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 2020, 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 2020 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages liability risks primarily through the purchase of insurance. The University has purchased a property policy that will cover the replacement costs of all real or personal property, a $2.0 million aggregate general liability policy ($1,000 deductible), auto, fidelity, and a $10.0 million aggregate umbrella policy. 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 2020 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				
2019-20	22,076	12,695	6,817	27,954
2018-19	22,399	4,007	4,330	22,076
2017-18	23,885	2,816	4,302	22,399
Workers' Compensation				
2019-20	118,210	16,170	30,350	104,030
2018-19	126,908	22,011	30,709	118,210
2017-18	134,393	23,503	30,988	126,908
Group Benefit Plans:				
2019-20	20,935	262,537	260,544	22,928
2018-19	18,459	246,177	243,701	20,935
2017-18	16,077	233,694	231,312	18,459
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2019-20	19,308	5,520	7,587	17,241
2018-19	16,769	9,512	6,973	19,308
2017-18	16,119	7,913	7,263	16,769
University of Colorado Denver:				
Graduate Medical Education Health Benefits Program				
2019-20	2,832	10,470	10,800	2,502
2018-19	2,689	13,856	13,713	2,832
2017-18	2,309	13,012	12,632	2,689
Medical Malpractice				
2019-20	10,710	943	1,208	10,445
2018-19	9,767	4,377	3,434	10,710
2017-18	9,428	1,451	1,112	9,767

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				
2019-20	34,975	62,265	60,166	37,074
2018-19	30,548	62,504	58,077	34,975
2017-18	29,917	57,038	56,407	30,548
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2019-20	55	56	59	52
2018-19	78	36	59	55
2017-18	135	(25)	32	78
Colorado School of Mines:				
General Liability, Property, and Workers' Compensation				
2019-20	256	-	256	-
2018-19	295	-	39	256
2017-18	-	321	26	295
Fort Lewis College:				
Workers' Compensation				
2019-20	6	4	6	4
2018-19	2	4	-	6
2017-18	2	3	3	2
General Liability				
2019-20	11	(1)	-	10
2018-19	-	11	-	11
2017-18	3	(3)	-	-
Colorado Mesa University:				
Workers' Compensation				
2019-20	52	36	56	32
2018-19	29	42	19	52
2017-18	36	27	34	29
General Liability				
2019-20	182	673	536	319
2018-19	36	238	92	182
2017-18	-	18	(18)	36

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, 2020, 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
Buildings	$ 54,936	$ 20,379	$ 75,315
Equipment and Other	48,694	35,731	84,425
Total Capital Assets Under Lease, Gross	103,630	56,110	159,740
Less Accumulated Depreciation:			
Buildings	(20,383)	(8,232)	(28,615)
Equipment and Other	(29,491)	(11,853)	(41,344)
Total Accumulated Depreciation	(49,874)	(20,085)	(69,959)
Total Capital Assets Under Lease, Net	$ 53,756	$ 36,025	$ 89,781

At June 30, 2020, the State expected future minimum sublease rentals relating to operating leases of $2.4 million for business-type activities and $292,224 for governmental activities. No future minimum sublease rentals related to capital leases are expected.

During the year ended June 30, 2020, the State incurred no contingent rentals related to capital and operating leases.

For Fiscal Year 2020, the State recorded building and land rent of $76.3 million for governmental-type activities, $23.1 million for business-type activities, and $30,873 for fiduciary activities. The State also recorded equipment and vehicle rental expenditures of $25.0 million and $54.1 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 $3.2 million of capital lease interest costs for governmental activities and $1.2 million for business-type activities in Fiscal Year 2020.

In Fiscal Year 2020, the State entered into approximately $20.7 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, 2020, for existing leases were as follows:

(Amounts in Thousands)

Fiscal Year(s)	Operating Leases Governmental Activities	Operating Leases Business-Type Activities	Capital Leases Governmental Activities Principal	Capital Leases Governmental Activities Interest	Capital Leases Business-Type Activities Principal	Capital Leases Business-Type Activities Interest
2021	$ 52,008	$ 31,497	$ 27,212	$ 3,544	$ 5,832	$ 1,033
2022	47,743	29,423	26,044	2,852	5,231	871
2023	42,011	22,886	17,888	1,848	4,895	713
2024	39,508	19,646	13,578	1,259	3,482	563
2025	35,071	16,752	10,133	939	10,189	461
2026 to 2030	68,089	55,106	23,854	1,494	5,601	421
2031 to 2035	3,977	6,899	1,113	44	415	4
2036 to 2040	714	950	-	-	-	-
2041 to 2045	61	927	-	-	-	-
2046 to 2050	61	388	-	-	-	-
2051 to 2055	61	108	-	-	-	-
2056 to 2060	61	114	-	-	-	-
Thereafter	553	-	-	-	-	-
Total	$ 289,918	$ 184,696	$ 119,822	$ 11,980	$ 35,645	$ 4,066

SHORT-TERM DEBT

On July 24, 2019, the State Treasurer issued $600.0 million of General Fund Tax Revenue Anticipation Notes (GTRAN), Series 2019A. The notes were due and payable on June 26, 2020, at a coupon rate of 4.033 percent. The total interest related to this issuance was $22.3 million; however, the notes were issued at a premium of $15.8 million, resulting in net interest costs (including the cost of issuance) of $6.7 million and a yield of 1.144 percent. The notes were issued for cash management purposes and were repaid by June 26, 2020, 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, 2019, the State Treasurer issued $400.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2019A. The notes were due and payable on June 29, 2020, at a coupon rate of 3.000 percent. The total interest related to this issuance was $11.4 million; however, the notes were issued at a premium of $6.9 million, resulting in net interest costs (including cost of issuance) of $4.7 million or 1.150 percent. The notes matured on June 29, 2020, and were repaid.

On January 16, 2020, the State Treasurer issued $400.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2019B. The notes were due and payable on June 29, 2020, at a coupon rate of 3.344 percent. The total interest related to this issuance was $6.1 million; however, the notes were issued at a premium of $4.4 million, resulting in net interest costs (including cost of issuance) of $1.8 million or 0.908 percent. The notes matured on June 29, 2020, and were repaid.

On June 5, 2018, the Board of Regents of 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. In Fiscal Year 2019, the University issued the second through eleventh tranches of commercial paper, totaling $430.5 million and retired $335.0 million. The Commercial Paper program has been used to fund the Imig Music Building, AMC Health Sciences Building and associated basement remodels. The average interest rate of borrowing from inception of the program through fiscal year end was 1.44 percent. In Fiscal Year 2020, $155.7 million of commercial paper was retired with permanent financing while $280.4 million of commercial paper was retired with the issuance of additional commercial paper.

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 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 Semester at Sea Building in Fort Collins; the Western Colorado Research Center Orchard Mesa Research Station; Alumni Furniture; 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").

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 became effective beginning Fiscal Year 2020. As of June 30, 2020, no action has been taken on the authorized increase of $25.0 million.

The following schedule shows the changes in short-term financing for the period ended June 30, 2020:

(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	-	800,000	(800,000)	-
Total Governmental Activities Short-Term Financing	-	1,400,000	(1,400,000)	-
Business Type Activities:				
Tax Exempt Commercial Paper	184,700	350,627	(452,827)	82,500
Total Business Type Activities Short-Term Financing	184,700	350,627	(452,827)	82,500
Total Short-Term Financing	$ 184,700	$ 1,750,627	$ (1,852,827)	$ 82,500

NOTE 11 – NOTES, BONDS, AND CERTIFICATES OF PARTICIPATION PAYABLE

Various institutions of higher education, History Colorado, the Judicial Branch, and the Departments of Corrections, Transportation, Agriculture, Public Administration, Public Safety, and Treasury 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 that receives Capital Projects Fund appropriations and the Department of Public Safety that 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 $1,860.6 million in available net revenue after operating expenses to meet the $359.6 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 2020, the State recorded $306.2 million of interest costs, of which $105.8 million was recorded by governmental activities and $200.4 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $6.1 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $16.9 million of interest on Certificates of Participation issued by the Judicial Branch, $47.5 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program and $6.5 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 $181.8 million of interest on revenue bonds issued by institutions of higher education, $10.6 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, and $7.9 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, 2020, are as follows:

(Amounts in Thousands)
Governmental Activities (Non-Direct Borrowings and Non-Direct Placements)

Fiscal Year	Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest
2021	$ 64,560	$ 112,836	$ 64,560	$ 112,836
2022	68,480	107,975	68,480	107,975
2023	72,430	103,902	72,430	103,902
2024	163,125	100,224	163,125	100,224
2025	85,925	96,123	85,925	96,123
2026 to 2030	605,065	408,622	605,065	408,622
2031 to 2035	608,045	271,045	608,045	271,045
2036 to 2040	616,655	137,601	616,655	137,601
2041 to 2045	260,995	31,591	260,995	31,591
2046 to 2050	4,745	158	4,745	158
Subtotals	2,550,025	1,370,077	2,550,025	1,370,077
Unamortized Prem/Discount	259,774	-	259,774	-
Totals	$ 2,809,799	$ 1,370,077	$ 2,809,799	$ 1,370,077

(Amounts in Thousands)

Governmental Activities (Direct Borrowings and Direct Placements)

Fiscal Year			Notes Payable		Certificates of Participation		Totals	
			Principal	Interest	Principal	Interest	Principal	Interest
	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		-	-	3,165	2,686	3,165	2,686
2026	to	2030	-	-	17,835	12,548	17,835	12,548
2031	to	2035	-	-	19,340	8,984	19,340	8,984
2036	to	2040	-	-	17,725	7,537	17,725	7,537
2041	to	2045	-	-	21,925	4,715	21,925	4,715
Subtotals			4,585	143	93,535	48,045	98,120	48,188
Unamortized Prem/Discount			-	-	254	-	254	-
Totals			$ 4,585	$ 143	$ 93,789	$ 48,045	$ 98,374	$ 48,188

(Amounts in Thousands)

Business-Type Activities (Non-Direct Borrowings and Non-Direct Placements)

Fiscal Year			Revenue Bonds		Mortgages Payable		Certificates of Participation		Totals	
			Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2021		$ 136,518	$ 176,526	$ 387	$ 414	$ 33,025	$ 15,272	$ 169,930	$ 192,212
	2022		141,707	171,249	404	397	34,455	13,829	176,566	185,475
	2023		145,092	165,828	421	380	29,905	12,386	175,418	178,594
	2024		146,214	159,828	439	362	31,175	10,950	177,828	171,140
	2025		368,378	151,523	457	344	30,830	9,430	399,665	161,297
2026	to	2030	816,112	634,648	2,593	1,413	109,585	28,508	928,290	664,569
2031	to	2035	856,228	450,720	5,445	569	45,185	10,372	906,858	461,661
2036	to	2040	767,695	262,226	-	-	31,474	2,612	799,169	264,838
2041	to	2045	413,500	115,584	-	-	-	-	413,500	115,584
2046	to	2050	181,487	49,286	-	-	-	-	181,487	49,286
2051	to	2055	126,235	21,513	-	-	-	-	126,235	21,513
2056	to	2060	34,505	1,747	-	-	-	-	34,505	1,747
Subtotals			4,133,671	2,360,678	10,146	3,879	345,634	103,359	4,489,451	2,467,916
Unamortized Prem/Discount			283,421	-	-	-	29,243	-	312,664	-
Unaccreted Interest			(3,696)	-	-	-	-	-	(3,696)	-
Totals			$ 4,413,396	$ 2,360,678	$ 10,146	$ 3,879	$ 374,877	$ 103,359	$ 4,798,419	$ 2,467,916

(Amounts in Thousands)

Business-Type Activities (Direct Borrowings and Direct Placements)

Fiscal Year			Revenue Bonds		Notes Payable		Certificates of Participation		Totals	
			Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2021		$ 8,149	$ 7,024	$ 1,111	$ 1,396	$ 575	$ 405	$ 9,835	$ 8,825
	2022		9,359	6,853	1,097	1,362	2,570	451	13,026	8,666
	2023		9,439	6,564	7,391	2,382	2,090	372	18,920	9,318
	2024		10,674	6,241	17,044	3,081	2,065	323	29,783	9,645
	2025		9,403	5,893	18,950	1,924	2,125	272	30,478	8,089
2026	to	2030	46,175	24,805	10,448	769	8,960	556	65,583	26,130
2031	to	2035	57,675	15,491	184	6	-	-	57,859	15,497
2036	to	2040	36,735	7,909	-	-	-	-	36,735	7,909
2041	to	2045	26,820	2,459	-	-	-	-	26,820	2,459
2046	to	2050	6,815	200	-	-	-	-	6,815	200
Subtotals			221,244	83,439	56,225	10,920	18,385	2,379	295,854	96,738
Unamortized Prem/Discount			2,548	-	-	-	(14)	-	2,534	-
Totals			$ 223,792	$ 83,439	$ 56,225	$ 10,920	$ 18,371	$ 2,379	$ 298,388	$ 96,738

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, 2020, 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
2021	$ 575	$ 202	$ 1,288	$ 2,065
2022	850	198	1,262	2,310
2023	925	194	1,230	2,349
2024	975	187	1,197	2,359
2025	1,000	181	1,162	2,343
2026 to 2030	9,675	784	5,009	15,468
2031 to 2035	14,125	435	2,771	17,331
2036 to 2040	8,635	70	449	9,154
Totals	$ 36,760	$ 2,251	$ 14,368	$ 53,379

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, 2020, 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
2021	$ -	$ 420	$ 1,189	$ 1,609
2022	-	421	1,189	1,610
2023	-	421	1,189	1,610
2024	1,005	419	1,185	2,609
2025	1,005	412	1,167	2,584
2026 to 2030	9,040	1,918	5,432	16,390
2031 to 2035	20,385	1,417	4,015	25,817
2036 to 2040	13,105	929	2,630	16,664
2041 to 2045	15,300	486	1,376	17,162
2046 to 2050	6,815	52	148	7,015
Totals	$ 66,655	$ 6,895	$ 19,520	$ 93,070

In fiscal year 2020, CSU entered into a floating to fixed interest swap agreement in connection with the 2015A System Enterprise Revenue Bonds. This agreement gives the university the right to enter into a swap agreement on a future date, March 2025.

Assuming current interest rates are applied over the term of the debt, at June 30, 2020, 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
2021	$ -	$ 4,511	$ -	$ 4,511
2022	-	4,511	-	4,511
2023	-	4,511	-	4,511
2024	-	4,511	-	4,511
2025	-	4,511	-	4,511
2026 to 2030	1,950	22,554	(9,907)	14,597
2031 to 2035	7,755	22,443	(10,100)	20,098
2036 to 2040	8,875	21,255	(9,822)	20,308
2041 to 2045	4,415	18,892	(8,722)	14,585
2046 to 2050	36,910	16,242	(7,641)	45,511
2051 to 2055	48,835	6,865	(3,384)	52,316
Totals	$ 108,740	$ 130,806	$ (49,576)	$ 189,970

In April 2020, Metropolitan State University entered a derivative instrument agreement (interest rate swap) as an effective hedge against expected increasing interest costs.

Assuming current interest rates are applied over the term of the debt, at June 30, 2020, Metropolitan 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 Metropolitan State University Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2021	$ -	$ 1,097	$ 922	$ 2,020
2022	1,365	1,066	1,075	3,506
2023	1,415	1,033	1,042	3,491
2024	1,465	1,000	1,008	3,473
2025	1,535	964	973	3,472
2026 to 2030	8,590	4,244	4,281	17,115
2031 to 2035	10,405	3,135	3,162	16,702
2036 to 2040	12,615	1,790	1,805	16,210
2041 to 2045	10,320	277	279	10,876
Totals	$ 47,710	$ 14,606	$ 14,549	$ 76,865

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	$ -	$ -	$ 2,789,320	$ 2,789,320
Business Type Activities	5,681,025	12,450	560,263	$ 6,253,738
Total	$ 5,681,025	$ 12,450	$ 3,349,583	$ 9,043,058

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	252,310	62,932	34,080	$ 349,322
Total	$ 252,310	$ 84,007	$ 151,500	$ 487,817

Assets pledged as collateral for debt across state departments and institutions of higher education include the following:

- The Colorado Bureau of Investigations (CBI) Grand Junction Regional Office and Forensic Laboratory (related to direct borrowing/direct placement for governmental activities);

- The CBI Pueblo Regional Office and Forensic Laboratory (related to direct borrowing/direct placement for governmental activities);

- The Colorado Department of Transportation (CDOT) Headquarters (related to non-direct borrowing/non-direct placement for governmental activities) and Regional Office Buildings (related to both non-direct borrowing/non-direct placement and direct borrowing/direct placement for governmental activities);

- The Colorado History Building at 1200 Broadway in Denver (related to related to direct borrowing/direct placement for governmental activities).

Regarding terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses, the following points were noted across state departments and institutions of higher education:

- In each Certificate of Participation (COP), the State has the right to purchase the Leased Property in connection with the defeasance or redemption of all of the Series 201X Certificates, as described in the section of the agreements' State's Purchase Option Price. Upon a nonrenewal of the Lease Term/s by reason of a Lease Event of Default or Lease Event of Nonappropriation, and so long as the State or Sublessee has not exercised its purchase option with respect to all the Leased Property, the State or Sublessee must vacate the Leased Property within 90 days. The Trustee/s may proceed to exercise any remedies available for the benefit of the Owners of the Certificates and may exercise any other remedies available upon default as provided in the Lease, including the sale of or lease of the Trustees' interest under the Site Lease/s (related to direct borrowing/direct placement for governmental activities).

- For Notes Payable, in the event of termination acceleration of payment for debt due (or to be due within that fiscal year) and the relinquishment of the equipment purchased through the energy performance contract measures could occur (related to direct borrowing/direct placement for business-type activities).

- CDOT will take over the payments for the C-470 bonds in the event High Performance Transportation Enterprise (HPTE) is unable to pay (related to non-direct borrowing/non-direct placement for business-type activities). Additionally, for Notes Payable, CDOT would take over debt service payments if HPTE was in default (related to direct borrowing/direct placement for business-type activities).

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 $36,760,000 and $37,335,000 and a fair value of ($12,838,000) and ($9,164,000) at June 30, 2020 and 2019, 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, .166 percent and 1.601 percent at June 30, 2020 and 2019, 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, 2020 and 2019. On the date of the refunding of the Series 2010A Bonds, the fair market value of the swap was ($6,999,000) 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, 2020 and 2019 was $2,395,000 and $1,853,000, respectively. Morgan Stanley, counterparty to the Swap Agreement, determined the fair value as of June 30, 2020 and 2019, 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, 2020, 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, 2020 and 2019 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, 2020 and 2019. 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).

<u>Colorado State University</u>: On January 16, 2018, the System entered into a floating to fixed interest rate swap agreement (2015 D Swap Agreement) in connection with the Series 2015 D System Enterprise Revenue Bonds (Notes from Direct Placements). The 2015 D Swap Agreement was entered into with the objective of protecting against the potential rising of interest rates. The 2015 D Swap Agreement had a notional value of $66.7 million and a negative fair value of $14.9 million as of June 30, 2020. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2020. The 2015 D Swap Agreement had a notional value of $66.7 million and a negative fair value of $5.0 million as of June 28, 2019. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2019. The 2015 D Swap Agreement has an effective date of July 1, 2019 and a termination date of March 1, 2047.

The 2015 D 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 System and 70 percent of one-month UDS-LIBOR-BBA, payable by RBC. RBC, counterparty to the 2015 D Swap Agreement, determined the fair value as of June 30, 2020 using a discounted forecasted cash flow.

On February 18, 2020, the System entered into a floating to fixed interest rate swap agreement (2015 A Swap Agreement) in connection with the Series 2015 A System Enterprise Revenue Bonds. The 2015 A Swap Agreement was entered into with the objective of protecting against the potential rising of interest rates. The 2015 A Swap Agreement had a notional value of $108.7 million and a negative fair value of $7.7 million as of June 30, 2020. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2020. The 2015 A Swap Agreement has an effective date of March 1, 2025 and a termination date of March 1, 2055.

The 2015 A Swap Agreement provides for certain payments by The Royal Bank of Canada (RBC) equal to the difference between the fixed rate of 1.74250 percent payable by the System and 70 percent of one-month UDS-LIBOR-BBA, payable by RBC. RBC, counterparty to the 2015 A Swap Agreement, determined the fair value as of June 30, 2020 using a discounted forecasted cash flow.

There can be risks inherent to interest rate swaps that the System 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 System. 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 System, either through receipt of a payment from a termination, or if a termination payment is made by the System, 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 System considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2020, RBC's credit rating is rated Aa2 by Moody's, AA- by S&P, and AA+ by Fitch.

  The Swap Agreement contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $25.0 million at both parties' current credit rating or $10.0 million if the parties credit rating falls to A3/A-.
- Basis Index Risk – Basis Index 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 System. Basis Index Risk can also result from the use of floating, but different, indices.

Metropolitan State University: On September 30, 2020 MSU Denver executed a Novation agreement which transferred the HLC@Metro Inc's floating to fixed interest rate swap agreement (Swap Agreement) with Royal Bank of Canada (RBC) to the University. This was a part of the University's acquisition of most of the HLC's assets and liabilities discussed more in note 20. Because it was the intent of University management to attach the interest rate swap with the Series 2020 bonds that were issued on April 17, 2020 and all other intended assets and liabilities were transferred in fiscal year 2020, the University is reflecting the interest rate swap on the fiscal 2020 financial statements. The Swap Agreement was entered with the objective of protecting against the potential increase of interest rates. The Swap Agreement had a notional value of $48.7 million and a negative fair value of $11.5 million as of June 30, 2020. The fair value of the Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2020. The Swap Agreement has an effective date of September 1, 2020 and a termination date of July 1, 2042.

Pursuant to the interest rate swap, the University will pay RBC a fixed rate of 2.451% per annum. RBC will pay the University 80% of USD-LIBOR-BBA. In addition, the University will pay JPMorgan, as owner of the Series 2020 Bonds, 80% of LIBOR (with a 1% floor) plus 150 basis points. This arrangement will produce an interest rate on the Series 2020 Bonds equal to approximately 4.612% and helps ensure the University can leverage a low interest rate in an otherwise unpredictable market. RBC, counterparty to the Swap Agreement, determined the fair value as of June 30, 2020 using an indicative mid-market valuation.

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. MSU Denver considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2020, RBC's credit rating is rated Aa2 by Moody's and AA- by S&P. The Swap Agreement contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $5.0 million and the credit rating is equal to A3 as rated by Moody's or A- as rated by S&P, or if threshold is zero but the credit ratings are Baa1 as rated by Moody's or BBB+ as rated by S&P.
- Basis Index Risk – Basis Index 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 Index 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 2020:

(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	$ 9,556	$ 79	$ (8,231)	$ 1,404	$ 806
Accrued Compensated Absences	180,777	46,264	(13,865)	213,176	15,719
Claims and Judgments Payable	210,488	-	(12,071)	198,417	46,660
Capital Lease Obligations	123,600	20,962	(24,740)	119,822	27,212
Certificates of Participation from Direct Borrowings and Direct Placements	97,451	-	225,373	322,824	3,735
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	2,055,104	802,647	(276,987)	2,580,764	64,560
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	6,805	-	(2,220)	4,585	2,270
Net Pension Liability	9,377,357	-	(1,572,566)	7,804,791	-
Other Postemployment Benefits	284,264	-	(51,084)	233,180	-
Other Long-Term Liabilities	267,983	8,596	(47,445)	229,134	-
Total Governmental Activities Long-Term Liabilities	12,613,385	878,548	(1,783,836)	11,708,097	160,962
Business-Type Activities					
Deposits Held In Custody For Others	48,946	-	(2,121)	46,825	46,800
Accrued Compensated Absences	377,692	79,937	(31,260)	426,369	28,747
Claims and Judgments Payable	43,971	8,311	(5,841)	46,441	1,273
Capital Lease Obligations	37,402	4,307	(6,064)	35,645	5,832
Derivative Instrument Liabilities	14,193	32,671	-	46,864	-
Bonds Payable from Direct Borrowings and Direct Placements	220,589	59,045	(57,250)	222,384	8,149
Bonds Payable from Non-Direct Borrowings and Non-Direct Placements	4,231,974	739,315	(556,485)	4,414,804	136,517
Certificates of Participation from Direct Borrowings and Direct Placements	20,842	-	(2,471)	18,371	575
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	412,179	-	(37,302)	374,877	33,025
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	57,471	41	(1,286)	56,226	1,111
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Non-Direct Placements	10,514	-	(369)	10,145	388
Net Pension Liability	4,237,019	-	(666,372)	3,570,647	-
Other Postemployment Benefits	1,015,792	-	(179,933)	835,859	-
Other Long-Term Liabilities	112,280	16,055	(23,735)	104,600	-
Total Business-Type Activities Long-Term Liabilities	10,840,864	939,682	(1,570,489)	10,210,057	262,417
Fiduciary Activities					
Deposits Held In Custody For Others	1,371,617	1,853,855	(1,362,222)	1,863,250	1,852,639
Accrued Compensated Absences	46	107	(14)	139	-
Claims and Judgments Payable	21,004	22,986	(21,004)	22,986	22,986
Other Long-Term Liabilities	614	32	(614)	32	-
Total Fiduciary Activities Long-Term Liabilities	1,393,281	1,876,980	(1,383,854)	1,886,407	1,875,625
Total Primary Government Long-Term Liabilities	$ 24,847,530	$ 3,695,210	$ (4,738,179)	$ 23,804,561	$ 2,299,004

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 2020, debt was defeased in both governmental and business-type activities.

At June 30, 2020, 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	$ 604,710
Business-Type Activities:	
University of Colorado	1,026,180
Colorado State University	421,885
Colorado School of Mines	34,000
Colorado Mesa University	10,000
Colorado Community College System	42,290
Department of Transportation	41,519
Total	$ 2,180,584

The Department of Treasury issued $230,530,000 of its State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2019P and 2019Q to partially defease its State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2012H and 2013I. The defeased debt had an interest rate of 3.95 percent, and the new debt had an interest rate of 2.35 percent. The remaining term of the debt was 16.2 years and the estimated debt service cash flows decreased by $26,725,939. The defeasance resulted in an economic gain of $22,789,732 and book loss of $12,378,652 that will be amortized as an adjustment of interest expense over the remaining 16.2 years of the new debt.

The Board of Regents of the University of Colorado issued $147,980,000 of its Enterprise Revenue Refunding Bonds, Series 2019A-1 to partially defease its Enterprise Revenue Refunding Bonds, Series 2010B, Series 2011A, Series 2012A-1, Series 2012A-2, Series 2012A-3, and Series 2013B. The defeased debt had an interest rate of 4.87 percent, and the new debt had an interest rate of 2.75 percent. The remaining term of the debt was 23 years and the estimated debt service cash flows decreased by $17,034,461. The defeasance resulted in an economic gain of $13,631,695 and book loss of $6,980,625 that will be amortized as an adjustment of interest expense over the remaining 27 years of the new debt.

The Board of Regents of the University of Colorado issued $101,885,000 of its Enterprise Revenue Refunding Bonds, Series 2019A-2 to partially defease its Enterprise Revenue Refunding Bonds, Series 2009C, Series 2010B, Series 2011A, Series 2012A-1, Series 2012A-3, Series 2014B-1, Series 2015A, Series 2015B, and Series 2016A. The defeased debt had an interest rate of 4.86 percent, and the new debt had an interest rate of 2.44 percent. The remaining term of the debt was 27 years and the estimated debt service cash flows decreased by $10,263,193. The defeasance resulted in an economic gain of $7,555,552 and book loss of $5,987,320 that will be amortized as an adjustment of interest expense over the remaining 27 years of the new debt.

The Board of Governors of Colorado State University issued $73,775,000 of its System Enterprise Revenue Refunding Bonds Taxable, Series 2019B to partially defease its System Enterprise Revenue Bonds Series 2012A, Series 2015E-1, and Series 2015E-2, and System Enterprise Revenue Refunding Bonds Series 2015-C and 2017-C. The defeased debt had an interest rate of 4.86 percent, and the new debt had an interest rate of 2.88 percent. The remaining term of the debt was 23 years and the estimated debt service cash flows decreased by $5,463,328. The defeasance resulted in an economic gain of $4,186,622 and book loss of $4,661,511 that will be amortized as an adjustment of interest expense over the remaining 23 years of the new debt.

The State Board of the Colorado Community College System issued $25,150,000 of its Systemwide Revenue Refunding Bonds, Series 2019A to partially defease its Taxable Systemwide Revenue Bonds, Series 2010D. The defeased debt had an interest rate of 3.77-5.00 percent, and the new debt had an interest rate of 3.00-5.00 percent. The remaining term of the debt was 20 years and the estimated debt service cash flows did not change. The defeasance resulted in an economic gain of $ 3,534,564 and book loss of $ 1,093,144 that will be amortized as an adjustment of interest expense over the remaining 20 years of the new debt.

The Board of Trustees of the University of Northern Colorado issued $32,855,000 of its Institutional Enterprise Revenue Refunding Bonds to partially defease its Institutional Enterprise Revenue Refunding Bonds, Series 2011A. The defeased debt had an interest rate of 4.82 percent, and the new debt had an interest rate of 2.48 percent. The remaining debt was defeased and the estimated debt service cash flows decreased by $3,233,811. The defeasance resulted in an economic gain of $2,822,220 and book loss of $1,094,916 that will be amortized as an adjustment of interest expense over the remaining 12 years of the new debt.

The Board of Trustees of Colorado Mesa University issued $11,250,000 of its Enterprise Revenue Refunding Bonds, Series 2020A to partially defease its Enterprise Revenue Refunding Bonds, Series 2012A and Series 2012B. The defeased debt had an interest rate of 3.27-3.60 percent, and the new debt had an interest rate of 2.56 percent. The remaining term of the debt was 14 years and the estimated debt service cash flows decreased by $122,678. The defeasance resulted in an economic gain of $1,029,542 and book loss of $1,021,740 that will be amortized as an adjustment of interest expense over the remaining 14 years of the new debt.

The Colorado Bridge Enterprise issued $38,740,000 of its Series 2019A Bonds to partially defease its Series 2010A Bonds. The defeased debt had an interest rate of 6.08 percent, and the new debt had an interest rate of 4.00 percent. The remaining term of the debt was 7.5 years and the estimated debt service cash flows decreased by $10,368,958. The defeasance resulted in an economic gain of $4,193,239 and book loss of $1,939,666 that will be amortized as an adjustment of interest expense over the remaining 7.5 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, 2020 was $220.9 million ($3.7 million of which was a current liability). Individually significant pollution remediation obligations are disclosed below:

- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $107.1 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 $1.5 million beginning in 2021, increasing to approximately $3.3 million in 2028, with a projected annual increase of 2 percent thereafter. 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 $88.1 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 through Fiscal Year 2021. Beginning in Fiscal Year 2022, the State will assume 100 percent of the operating costs of the treatment plant, with a projected total cost of approximately $2.0 million per year, with a projected annual increase of 2 percent thereafter. 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, 2020, the State has $3.1 million in recoveries funded from other responsible parties.

- 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 $9.3 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the State have agreed upon a remediation plan from a recently completed engineering study, which includes construction of a capping mine waste tunnel plug. Construction cost estimates of approximately $90,000 in Fiscal Year 2021, approximately $50,000 in Fiscal Year 2022, and approximately $200,000 in Fiscal Year 2023 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 2033. Annual ongoing projected costs for subsurface remedy average $55K per year until 2034 when the State assumes 100% share of O&M and projected costs increase to $400K per year. 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.

- The Nelson Tunnel is a former mining site outside of Creede, CO, which has a large waste pile. Runoff from this pile adversely affects the Rio Grande River via Willow Creek. While a portion of the project is reasonably estimable, the State cannot estimate a majority of the project costs. The water treatment component of the project has historically been included as a presumptive remedy. However, no decision document has been executed that would require water treatment. Although the State believes there will be associated water treatment costs in the future, these costs won't be included in the projection until there is an idea of what the remedy and long-term operating/maintenance costs are. Any long-term remedies are dependent on the initial assessment and monitoring procedures. Additionally, once a long-term remedy is identified, the Department will negotiate with the EPA to determine which entity is responsible for what share of the costs (typically 90% federal, 10% state).

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, 2020.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources:		
Asset Retirement Obligations	$ -	$ 955
Refunding Losses	26,762	160,511
Derivatives	-	39,926
Other	3,026	41
Other Post Employment Benefits	19,760	59,408
Pensions	2,299,118	273,280
	2,348,666	534,121
Deferred Inflows of Resources:		
Refunding Gains	-	747
Nonexchange Transactions	-	2
Other	17,390	1,684
Unavailable Revenue	795	-
Service Concession Arrangements	-	130,739
Other Post Employment Benefits	49,592	304,124
Pensions	3,636,607	1,481,111
	$ 3,704,384	$ 1,918,407

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

Beginning net position was restated from the following prior period adjustments:

Department of Natural Resources (Parks and Wildlife): Correct prior year depreciation.
Department of Public Health and Environment: Correct federal revenues.
Department of Health Care Policy and Financing: Correct software capitalization.
History Colorado: Correction of completion dates and depreciation on the History Colorado Center.

(Amounts in Thousands)	Statement of Net Position	Governmental Funds	Proprietary Funds
Department	Other Measurement Focus Adjustments	General Fund	Health Care Affordability
Department of Natural Resources	9,301		
Department of Public Health and Environment		(8,195)	
Department of Health Care Policy and Financing	16,045		11,209
History Colorado	2,544		
	$ 27,890	$ (8,195)	$ 11,209

B. ACCOUNTING CHANGES

During Fiscal Year 2020, the Auraria Higher Education Center adopted GASB Statement No. 84, *Fiduciary Activities*. The core objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported for all state and local governments. The adoption of Statement No. 84 increased the Higher Education Institution's Fund beginning net position by $2.4 million for Fiscal Year 2020 from $82.5 million to $84.9 million.

The State reevaluated thresholds used to determine when it reports component units for which the State is financially accountable. As a result, the Statewide Internet Portal Authority is included in this report. Beginning net position was increased $6.2 million.

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	$ 399,148	$ 432,921	$ 35,241
Business, Community and Consumer Affairs	-	92,070	-
Education	424,380	22,652	-
Health and Rehabilitation	-	4,234	-
Justice	-	6,237	-
Natural Resources	-	405	-
Social Assistance	-	59,654	-
Transportation	-	-	-
TOTAL	$ 823,528	$ 618,173	$ 35,241
FEDERAL SPECIAL REVENUE	21,350	-	-
TOTAL	$ 21,350	$ -	$ -
Highway Users Tax			
General Government	$ 80,857	$ 36,979	$ -
Health and Rehabilitation	300	-	-
Justice	2,238	703	-
Natural Resources	466	-	-
Transportation	817,101	13,731	-
TOTAL	$ 900,962	$ 51,413	$ -
OTHER GOVERNMENTAL FUNDS			
General Government	$ 264,702	$ 1,869,271	$ -
Business, Community and Consumer Affairs	81,306	489,991	-
Education	174,737	79,351	-
Health and Rehabilitation	16,410	84,845	-
Justice	5	187,770	-
Natural Resources	20,744	1,109,577	-
Social Assistance	581	64,602	-
Transportation	-	106,709	-
TOTAL	$ 558,485	$ 3,992,116	$ -

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 2020, the reserve is calculated as three and seven 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 2020 there was no use of the reserve for fiscal year 2020. As of June 30, 2020, on a legal budgetary basis the reserve was $361.3 million. Refer to Note 1 and to Note RSI-4 for additional information.

Article XXIV Section 1 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. No minimum fund balances were established under this type of authority for Fiscal Year 2020.

NET POSITION DEFICITS

The following table shows deficit net position balances for individual nonmajor funds. See Note 2 for information regarding statutory spending violations and overexpenditures.

(In Thousands)

	Enterprise Funds	Internal Service Funds
State Lottery	$ (25,205)	$ -
Correctional Industries	(30,893)	-
State Nursing Homes	(55,331)	-
Petroleum storage Tank	(7,153)	-
Unemployment Insurance	(1,531)	-
Central Services	-	(10,326)
Information Technology	-	(280,309)
Capitol Complex	-	(8,587)
Highways	-	(2,164)
Administrative Courts	-	(14,152)
Legal Services	-	(87,382)
Other Internal Service Funds	-	(4,413)
	$ (120,113)	*$ (407,333)*

NOTE 16 – INTERFUND TRANSACTIONS

INTERFUND BALANCES

Interfund balances at June 30, 2020, consisted of the following:

(DOLLARS IN THOUSANDS)	DUE FROM General	Federal Special Revenue	Highway Users Tax Fund	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability
DUE TO						
General	$ -	$ 4,129	$ 18	$ 31,501	$ 702	$ 16,903
Highway Users Tax Fund	-	-	-	699	-	-
Other Governmental Funds	330,630	2,523	-	207	6	139,532
Higher Education Institutions	11,940	-	100	3,061	-	-
Other Enterprises	2,728	-	33	-	126	-
Internal Service Funds	93	-	153	3	14	-
Pension and Other Employee Benefit Trust	24	-	-	10	1,823	-
Private Purpose Trust	-	-	-	-	-	-
Agency	-	-	-	-	-	-
Total	$ 345,415	$ 6,652	$ 304	$ 35,481	$ 2,671	$ 156,435

(DOLLARS IN THOUSANDS)	DUE FROM Other Enterprises	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Agency	Total
DUE TO						
General	$ 16,307	$ 494	$ 3	$ -	$ -	$ 70,057
Highway Users Tax Fund	-	-	-	-	-	699
Other Governmental Funds	24,042	70	-	-	134	497,144
Higher Education Institutions	294	-	1	-	-	15,396
Other Enterprises	3,865	-	-	317	-	7,069
Internal Service Funds	-	-	-	-	-	263
Pension and Other Employee Benefit Trust	1	2	-	-	-	1,860
Private Purpose Trust	12,022	-	-	-	-	12,022
Agency	18,476	-	-	-	-	18,476
Total	$ 75,007	$ 566	$ 4	$ 317	$ 134	$ 622,986

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.

As part of the State's response to the COVID-19 emergency, the Governor extended the 2019 income tax payment deadline to July 15, 2020. This delay in income tax receipts caused temporary deficit cash balances in some funds. To address this timing issue, the State made temporary loans between funds. On June 30, 2020, these temporary loans account for $322.7 million of the $330.6 million reported as due from the General Fund to Other Governmental Funds and full amount of $139.5 million reported as due from the Healthcare Affordability to Other Governmental Funds.

The balance of $31.5 million due from Other Governmental Funds to the General Fund consists primarily of $25.5 million due from the Gaming Fund.

Other Governmental Funds report an internal receivable of $24.0 million from Other Enterprises. Most of this balance, $16.9 million, reflects outstanding loans payable from the Parks and Wildlife Fund to the Resource Extraction Fund; $16.2 million of these loans are not expected to be repaid within one year.

Other Enterprises owed Agency Funds $18.5 million. This is the amount of fourth quarter State Lottery Fund revenues owed to the Great Outdoors Colorado Agency Fund, which is managed by the Department of Treasury.

The Healthcare Affordability Fund had a payable to the General Fund of $16.9 million. This amount represents Medicaid payments to providers in Fiscal Year 2020 for which the State was reimbursed in Fiscal Year 2021 due to the timing of the receipt of federal monies into the Healthcare Affordability Fund.

The $16.3 million due to the General Fund from Other Enterprises primarily consists of the amounts owed from the Lottery Fund to the Conservation Trust Fund, which is reported in the Other Special Purpose component of the General Fund.

The $12.0 million due from Other Enterprise Funds to Private Purpose Trust Funds represents the amount owed from the CollegeInvest Administration Fund to the College Savings Plan Fund.

A majority of the $11.9 million owed from the General Fund to Institutions of Higher Education, $6.7 million, was due from the Department of Higher Education for various purposes.

INTERFUND TRANSFERS

Interfund transfers for Fiscal Year 2020, consisted of the following:

(DOLLARS IN THOUSANDS)	TRANSFER FROM					
	General	Federal Special Revenue	Highway Users Tax Fund	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability
TRANSFER TO						
General	$ -	$ 3	$ 24,017	$ 435,352	$ 6,336	$ 16,453
Highway Users Tax Fund	283,595	-	-	175,535	-	-
Other Governmental Funds	549,814	-	41,281	85,817	-	-
Higher Education Institutions	312,966	-	-	167,985	-	-
Transportation Enterprise	40	-	-	-	-	-
Unemployment Insurance	56	-	-	-	-	-
Other Enterprises	5,381	-	-	5,797	-	-
Internal Service Funds	48	-	-	4,966	-	-
Pension and Other Employee Benefit Trust	-	-	-	1,576	-	-
Private Purpose Trust	1	-	-	-	-	-
Total	$ 1,151,901	$ 3	$ 65,298	$ 877,028	$ 6,336	$ 16,453

(DOLLARS IN THOUSANDS)	TRANSFER FROM					
	Unemployment Insurance	Other Enterprises	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Total
TRANSFER TO						
General	$ 2,755	$ 74,025	$ 6,916	$ 205	$ 35	$ 566,097
Highway Users Tax Fund	-	-	-	-	-	459,130
Other Governmental Funds	-	21	81	-	-	677,014
Higher Education Institutions	-	-	-	-	-	480,951
Transportation Enterprise	-	-	-	-	-	40
Unemployment Insurance	-	-	-	-	-	56
Other Enterprises	-	14,244	-	-	-	25,422
Internal Service Funds	-	-	366	-	-	5,380
Pension and Other Employee Benefit Trust	-	-	-	-	-	1,576
Private Purpose Trust	-	-	-	-	-	1
Total	$ 2,755	$ 88,290	$ 7,363	$ 205	$ 35	$ 2,215,667

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 $549.8 million transferred from the General Fund to Other Governmental Funds includes $181.7 million to the Capital Projects Fund. Also, as directed by SB 17-267, $146.2 million of Marijuana Sales Tax Revenues were transferred to the Marijuana Tax Cash Fund, which is reported in Other Special Revenue Funds.

Transfers from Other Governmental Funds to the General Fund totaled $435.4 million. This includes transfers into the Public School Capital Construction Assistance Fund, an Other Special Purpose component of the General Fund, of $89.8 million from the Retail Marijuana Excise Tax Fund, an Other Special Revenue Fund, and $78.5 million from the State Lands Fund.

General Fund transfers to Higher Education Institutions totaled $313.0 million. The majority of these transfers, $173.0 million, were for student financial aid.

$283.6 million was transferred from the General Fund to the Highway Users Tax Fund to fund state and local transportation needs.

There were $175.5 million of transfers from Other Governmental Funds to the Highway Users Tax Fund. This primarily consist of $173.2 million transferred from the Capital Projects.

$168.0 million is reported as transfers from Other Governmental Funds to Higher Education Institutions. The largest of these transfers was a $119.5 million transfer from the Capital Projects Fund.

NOTE 17 – PLEDGED REVENUE AND DONOR RESTRICTED ENDOWMENTS

PLEDGED REVENUE

Various institutions of higher education and the Department of Transportation 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 2020, the following pledges were in place:

The Department of Transportation Statewide Bridge Enterprise pledged $112.4 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 2046. The pledged revenue represents 100 percent of the revenue stream, and $541.3 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 $417.7 million will be used to pay the interest and principal of the 2017 Series issue of these Senior Revenue Bonds. The debt was originally issued in Fiscal Year 2018 and has a final maturity date of Fiscal Year 2057. The pledged revenue represents 100 percent of the revenue stream, and $417.7 million 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 $1.7 billion. Individually significant Higher Education Institution pledges include:

- $1.3 billion (net) pledged by the University of Colorado to secure $135.3 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 2049. The pledged revenue represents approximately 76.2 percent of the revenue stream, and $2.3 billion of the pledge (principal and interest) remains outstanding.

- $169.5 million (net) pledged by Colorado State University to secure $94.8 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 54.5 percent of the total revenue stream, and $1.8 billion of the pledge (principal and interest) remains outstanding.

- $56.1 million (net) pledged by the Colorado School of Mines to secure $21.1 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 debt issuances had an earliest origination date of Fiscal Year 1999 and furthest maturity date of Fiscal Year 2048.

The pledged revenue represents approximately 80.0 percent of the revenue stream, and $455.8 million of the pledge (principal and interest) remains outstanding.

- $42.5 million (gross) pledged by Metropolitan State University of Denver to secure $8.4 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 $200.1 million of the pledge (principal and interest) remains outstanding.

- $30.9 million (net) pledged by Colorado Mesa University to secure $13.8 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 62.0 percent of the revenue stream and $347.4 million of the pledge (principal and interest) remains outstanding.

- $41.6 million pledged by the University of Northern Colorado to secure $10.5 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 2014 and furthest maturity date of Fiscal Year 2046. The pledged revenue represents 47.4 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. $202.9 million of the pledge (principal and interest) remains outstanding.

- $10.4 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 54.3 percent of the net and 100 percent of the gross auxiliary revenue stream. $67.7 million of the pledge (principal and interest) remains outstanding.

- $10.6 million (net) pledged by the Western State Colorado University to secure $7.2 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 40.7 percent of the revenue stream, and $157.7 million of the pledge (principal and interest) remains outstanding.

- $7.7 million (net) pledged by Adams State University to secure $3.6 million of current principal and interest on debt issued to improve facilities and refund bonds issued in the past. The related debt was originally issued in Fiscal Year 2009 and has a final maturity date of Fiscal Year 2043. The pledged revenue represents approximately 50.0 percent of the revenue stream and $98.1 million of the pledge (principal and interest) remains outstanding.

- $7.8 million (gross) pledged by Front Range Community College to secure $1.6 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 $23.2 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	Debt Service Requirements Interest	Debt Service Requirements Total
Higher Education Institutions	$ 2,425,323	$ (673,165)	$ 1,752,158	$ 186,477	$ 155,530	$ 342,007
Statewide Bridge Enterprise	112,362	-	112,362	-	17,699	17,699
	$ 2,537,685	$ (673,165)	$ 1,864,520	$ 186,477	$ 173,229	$ 359,706

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 $20.8 million.

The University of Colorado reported net appreciation on endowment investments of $18.1 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 $2.4 million of net appreciation on endowment investments that was available for spending. The School reported the related net position in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds*. The School has an authorized spending rate of 4.25% of the rolling 36-month average market value of the endowment investments.

NOTE 18 – RELATED PARTIES

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 University Physicians Inc., d/b/a CU 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 2020, UCHealth paid the University $83.1 million, and the University paid UCHealth $13.1 million. At June 30, 2020, the University had accounts receivable from UCHealth of $4.3 million and $0.1 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 University Physicians Inc., d/b/a CU 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 2020, the Trust paid medical claims on behalf of the University of $242.2 million. The University made contributions of $246.7 million to the Trust and its employees contributed $32.2 million. At June 30, 2020, the University had no accounts receivable 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 2020, the Board awarded $102.7 million to the Division of Parks and Wildlife at the Department of Natural

Resources. At June 30, 2020, the amount the Division spent on GOCO grants was $49.0 million, and GOCO owed the Department of Natural Resources $17.3 million.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, operates the State's health insurance marketplace. During Fiscal Year 2020, the Colorado Health Benefit Exchange received $3.0 million in payments from the State for eligibility determinations and system changes, and the State received $0.6 million from Connect for Health Colorado related to programming and project changes for the Colorado Benefits Management System (CBMS).

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 2020, 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.

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 that 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 occur 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 $130.7 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	$	58,034
U.S. 36 Phase II	Managed Lanes	$	93,221,894
U.S. 36 Phase II	36 Tolling Stations	$	186,611

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 $78.4 million, $141.4 million and $1.4 billion, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

FINANCIAL GUARANTEES

Colorado statutes (Section 22-41-110, C.R.S.) hold the State liable for defaults on school district bonds and other obligations unless a school district board of education adopts a resolution stating it will not accept payment on their behalf. The State Treasurer shall recover the amount forwarded on behalf of the school districts by withholding amounts from the school district's payments of the state share of the district's total program received and from property tax and specific ownership tax revenues collected by the county treasurer on behalf of the school district; except that the State Treasurer may not recover amounts from property tax revenues that are pledged to pay notes and bonds issued by the school district. The guarantee will continue to be in effect as long as any bonds or other obligations of a school district remain outstanding. As of June 30, 2020, $10.2 billion of the school district bond is outstanding and no liability has been recorded, as the school districts have been deemed capable of meeting the debt service 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.

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.

Plaintiffs filed a class action suit on behalf of at least 160 women against the Department of Corrections, alleging violations of the Colorado Anti-Discrimination Act (CADA) for discrimination in a place of public accommodation based on sexual orientation and disability. The State will vigorously defend against an estimated $19.0 million of damage claims in the action, including by invoking any available immunity defenses. The State also intends to reopen discussions with Plaintiffs about potential settlement including changes to CDOC policies and practices.

Plaintiffs have asked the court to declare that the State's inmate work programs constitute slavery or involuntary servitude in violation of Colorado Constitution article II, section 26 and the equal protection guarantee in the Fourteenth Amendment of the U.S. Constitution. The complaint does not seek compensatory damages, but seeks an order requiring defendants to reimburse all Colorado inmates at the minimum wage rate or higher retroactively to December 19, 2018, which could exceed $5.0 million. The case is in its earliest stages and so the likelihood of an unfavorable outcome is uncertain.

Multiple lawsuits have been filed against the Department of Higher Education on behalf of all students enrolled at three state institutions of higher education who have paid tuition and the mandatory student fees for the Spring 2020 semester. Plaintiffs allege breach of contract and, in the alternative, unjust enrichment. The dispute relates to transition to remote delivery of educational services for the latter portion of the Spring 2020 semester in response to the COVID-19 pandemic. Although the likelihood of an unfavorable outcome is uncertain, should the court award a full refund of fees paid for the portion of the semester during which educational services were delivered remotely to all enrolled students, each institution's liability could potentially exceed $5.0 million each.

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. There is a 50% likelihood of an unfavorable outcome.

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.

A lawsuit was 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. The plaintiff is seeking in excess of $12.8 billion in damages through Fiscal Year 2021 plus 10 percent interest from Fiscal Year 2011 to present. The State is vigorously defending against this lawsuit, and the likelihood for an unfavorable outcome is uncertain. Both the District Court and the Court of Appeals ruled in favor of the State to dismiss the case. The petition is now awaiting a decision from the Colorado Supreme Court.

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, 2020 is as follows:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Colorado Enterprise Zone Business Tax Credits	$ 92,240.3
Colorado Enterprise Zone Contribution Tax Credits	14,244.7
Job Growth Incentive Tax Credits	26,684.1
Regional Tourism Act	11,720.3
Total	$144,889.4

NOTE 21 – SUBSEQUENT EVENTS

A. DEBT ISSUANCES AND REFUNDINGS

On July 1, 2020, the University of Colorado issued 1) Series 2020A-1 Tax-exempt Enterprise Revenue (Variable Rate Demand Bonds (Green Bonds) for $100.0 million to fund continued construction on the Anschutz Health Science Building (AHSB). It also issued Series 2020A-2 Tax-exempt Enterprise Revenue (Variable Rate Demand Bonds) for $75.0 million to fund continued construction on the Imig music building on the Boulder campus and to fund construction on Anschutz Research Basement Build-out projects and AHSB. Additionally it issued Series 2020B-1 Tax-exempt Enterprise Revenue and Refunding (Variable Rate Demand Bonds) for $50.0 million to refund the existing Commercial Paper debt outstanding. Initial interest rates are reset weekly, daily and daily on the respective bonds. The first interest payment was due August 3, 2020. Interest rate will not exceed 12% per annum. The bonds are subject to optional and mandatory sinking fund redemptions. Final maturity is June 1, 2050. In the event that remarketing proceeds are insufficient, a separate Standby Bond Purchase Agreement supports the payment of principal and interest.

On July 10, 2020, the University of Colorado issued Series 2020B-2 Taxable Enterprise Refunding Revenue Bonds for $140.9 million for refunding projects consisting of three components. The first component is a taxable advance refunding for savings of a portions of the Series 2014B-1, Series 2015A, and Series 2016A of $49.8 million. The second component is to restructure debt to provide budget relief in fiscal year 2021 and 2022 by defeasing $60.3 million of principal due on June 1, 2021 and 2022 and associated interest of $3.9 million. The third component entails paying a portion of interest of $26.5 million due on December 1, 2020 and June 1, 2021. The refundings provide budget relief of $57.1 million and $30.7 million for FY21 and FY22 respectively. Interest rates range from .53% to 2.81% for the 2020B2 Series. The first interest payment date is December 1, 2020. The final maturity of the 2020B2 Bonds is June 1, 2048.

On July 16, 2020, Colorado State University System issued $230.0 million in Taxable Series 2020 A System Enterprise Refunding Bonds. The 2020A Bonds will be used to refund a portion of the debt service for the following series: 2010B, 2012A, 2012B, 2013A, 2013D, 2013E, 2015B, 2015C, 2015E-2, 2015F, 2016A, 2016B, 2017A, 2017B, 2017D, 2017E, 2017F, 2018A, 2019A and 2019B. The 2020A Bond will also be used to pay certain costs relating to the issuance of the 2020A Series Bonds.

On March 1, 2021, Colorado State University System issued $115.0 million in Taxable Series 2021A System Enterprise Refunding Bonds and $115.0 million in Taxable Series 2021B System Enterprise Refunding Bonds. The 2021A and 2021B bonds will be used to fully refund the Taxable Series 2020A debt service. The 2021A and 2021B Series have a fixed interest rate of 0.72% with a final payment on March 1, 2024.

The State of Colorado Colorado Department of Transportation Second Amended and Restated Headquarters Facilities Lease Purchase Agreement Refunding Certificates of Participation, Series 2020, were issued on August 5, 2020 for $19.1 million, with an original issue premium of $3.7 million, to mature in 2041. The issuance was a partial refunding to defease the 2041 term certificate of the State of Colorado Colorado Department of Transportation Headquarters Facilities Lease Purchase Agreement Refunding Certificates of Participation, Series 2016, in the amount of $22.3 million.

On August 4, 2020, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2020A. The notes mature on June 29, 2021. The total due on that date includes $410.0 million in principal and $13.0 million in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $12.3 million, an average coupon rate of 3.51%, and a true interest cost of 0.20%.

On August 6, 2020, the State issued General Fund Tax and Revenue Anticipation Notes (GTRAN), Series 2020. The notes mature on June 25, 2021. The total due on that date includes $600.0 million in principal and $21.3 million in interest. The GTRAN was issued with a premium of $20.3 million, an average coupon rate of 4.00%, and a true interest cost of 0.19%.

On December 9, 2020, the State issued Building Excellent Schools Today (BEST) Certificates of Participation (COPs), Series 2020R in the amount of $98.0 million. The COPs were issued as tax exempt bonds with a premium of $19.9

million, an average coupon rate of 4.13%, and a true interest cost of 2.66%. Base Rents are due semiannually beginning on March 15, 2021, with a final maturity date of March 15, 2045.

On January 28, 2021, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2020B. The notes mature on June 29, 2021. The total due on that date includes $390.0 million in principal and $5.0 million in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $4.9 million, an average coupon rate of 3.06%, and a true interest cost of 0.08%.

On February 24, 2021, the State issued Higher Education Certificates of Participation (COPs), Series 2020 in the amount of $64.3 million. The COPs were issued with a premium of $16.8 million, an average coupon rate of 4.20%, and a true interest cost of 1.84%. Base Rents are due semiannually beginning on September 01, 2021, with a final maturity date of September 01, 2041.

On December 31, 2020, an amendment to the pricing certificate for the Metropolitan State University of Denver's Series 2020 bonds was executed, resulting in a change to the interest rate payable to JP Morgan Chase Bank. Prior to the amendment these bonds had a variable interest rate equal to 80% of LIBOR with a 1% LIBOR floor plus 150 basis points per annum. However, the amendment removed the 1% LIBOR floor with all other terms and conditions unchanged. Should the rates stay where they are as of this report date, this modification is expected to result in approximately $4 million in interest savings over the life of the bond.

On September 23, 2020 the Board of Trustees for Fort Lewis College issued its Enterprise Refunding Revenue Bonds, Tax Exempt Series 2020A-1 in the aggregate principal amount of $685 thousand, its Enterprise Refunding Revenue Bonds, Taxable Series 2020A-2 in the aggregate principal amount of $1.2 million, its Enterprise Refunding Revenue Bonds, Tax Exempt Series 2020B-1 in the aggregate principal amount of $535 thousand, and its Enterprise Refunding Revenue Bonds, Taxable Series 2020B-2 in the aggregate principal amount of $2.6 million to (a) pay and defease certain maturities of the College's outstanding Series 2016A Bonds, Series 2016B bonds, and Series 2016C bond, as set forth below, (b) refund other interest payable on certain of the remaining outstanding portions of the Series 2016A Bonds and Series 2016B bonds, and (c) to pay certain costs relating to the issuance of the Series 2020 bonds. Interest rates for Series 2020A-1 bonds range from 2 percent to 2.25 percent, the first interest payment is due April 1, 2021, and the final maturity is October 1, 2033. Interest rates for Series 2020A-2 bonds range from 1.25 percent to 3 percent, the first interest payment is due April 1, 2021, and the final maturity is October 1, 2033. Interest rates for Series 2020B-1 bonds range from 2 percent to 2.75 percent, the first interest payment is due April 1, 2021, and the final maturity is October 1, 2038. Interest rates for Series 2020B-2 bonds range from 1.25 percent to 3.25 percent, the first interest payment is due April 1, 2021, and the final maturity is October 1, 2038.

Bond Series	Maturities (October 1)	Par Amount to be Escrowed to Maturity
Series 2016A Bonds	2020	$ 545,000
	2021	560,000
Series 2016B Bonds	2020	510,000
	2021	980,000
Series 2016C Bonds	2020	120,000
	2021	125,000
		$ 2,840,000

The face value of the defeased debt was $2.8 million and the face value of the new debt is $4.9 million. The interest rate of the defeased debt ranged from 2 percent to 4 percent and the interest rate of the new debt ranges from 1.25 percent 3.25 percent. The sum of the debt service of the defeased debt was $4.7 million and the debt service of the new debt is $6.3 million, with a loss of $1.5 million in cash flows. Present values of the debt service cash flow resulted in an economic loss of $495 thousand. Issuance costs were $119 thousand.

On December 1, 2020, the Colorado School of Mines issued its Series 2020 Institutional Enterprise Revenue Refunding Bond in the principal amount of $15.7 million. The Bond's interest rate is 2.02% per annum and will be paid semiannually on December 1 and June 1 until the Bond matures on December 1, 2030. The proceeds of the issuance will be used to pay and cancel the School's outstanding 2010B Bonds and to pay and cancel, or refund and defease, the School's outstanding 2012B Bonds.

On October 14, 2020, the State of Colorado Issued the State of Colorado National Western Center Lease Purchase Financing Program Certificates of Participation (COPs) Series 2020A (Tax-Exempt) and Series 2020B (Federally Taxable). The proceeds of the COPs will be used to finance the construction of certain facilities at the National Western Center Complex in Denver, pay capitalized interest on this issuance and the Series 2018 COPs, and pay the costs of execution and delivery and other expenses related to this issuance. The proceeds of the Series 2020A COPs were $68.7 million and the proceeds of the Series 2020B COPs were $44.2 million. The Series 2020A COPs begin maturing in 2022 with a final maturity date in 2033 and have an interest rate of 5.0%. The Series 2020B COPs mature from 2033 through 2036 and have interest rates varying between 2.427% and 2.727%.

B. OTHER

In July of 2020, the Colorado School of Mines entered into a long-term lease agreement for a newly constructed dormitory. The School will pay 4.41% interest over 30 years. The lease has a principal value of $44.2 million with annual payments totaling $2.7 million.

On August 4, 2020, three bonds held by Auraria Higher Education Center (2015 COPs, 2015 Student Fee Bonds, 2017 COPS) were modified by deferring the next annual principal payment and extending the maturity date by one year each. The June 30, 2020 financial statement have been adjusted to reflect these modifications. On January 15, 2021, an additional bond held by Auraria Higher Education Center (Parking Enterprise Revenue Refunding Bonds, Series 2016) was modified by deferring the next annual principal payment and extending the maturity date by one year.

Tolling commenced on the C-470 managed lanes on August 18, 2020. The C-470 project increased mobility and user choice on a 12.5-mile stretch of C-470, primarily between I-25 and Wadsworth Boulevard. Over 100,000 motorists currently use this segment of C-470 each day, with traffic volumes projected to increase. To fund the project, the High Performance Transportation Enterprise received credit assistance under the Transportation Infrastructure Finance and Innovation Act for $106.0 million and $176.5 million in toll revenue backed bonds.

From August 18, 2020, through March 2, 2021, the Department of Labor and Employment borrowed $877.9 million on a line of credit with the United States Treasury. The borrowing began when the Unemployment Insurance Trust Fund became insolvent. The borrowed funds were used to continue benefits payments from the Federal Unemployment Account. The CARES Act allows for this borrowing at zero percent interest until March 14, 2021.

The Colorado Energy Office has a loan in the Revolving Loan Fund that is in default. The current outstanding loan is $1.3 million. The loan is collateralized by IP rights to grid load balancing software. The borrower has unsuccessfully attempted to sell the software and IP rights. The Colorado Energy Office was in negotiations to take possession of the software and sell it to a third party for $15 thousand but the third party backed out. Since then, the Colorado Energy Office has determined the software to have no value.

The University of Colorado plans to sell its CU South Denver campus in Douglas County, which it was gifted in 2015. After going through several due diligence assessments, University leadership determined the facility is not financially viable. In October 2020, JLL, the State of Colorado-contracted real estate services firm was selected to market the property, and valued it at different ranges, depending upon potential use. The net book value of the land, building, and improvements was $37,008,000 as of June 30, 2020.

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.

Basis of Accounting

The financial statements for the Colorado Water Resources and Power Development Authority (the Authority), a major DPCU, as well as the nonmajor DPCUs, the Denver Metropolitan Baseball Stadium District (the District), HLC @ Metro, Inc. (HLC), and the Statewide Internet Portal Authority (SIPA), are prepared on the accrual basis of accounting using the economic resources measurement focus and follow GASB standards for governments. The financial information for the Authority and the District is presented for the fiscal year ended December 31, 2019 and the financial information for HLC and SIPA is presented for the fiscal year ended June 30, 2020.

The financial information for the University of Colorado Foundation (the Foundation), a major DPCU, is presented for the fiscal year ended June 30, 2020. The Foundation follows 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 Authority reported cash and cash equivalents with a fair market value of $337.0 million. This amount comprises $315.0 million held by COLOTRUST (Colorado Local Government Liquid Asset Trust), $4.7 million held in the State Treasurer's Investment Pool, $15.4 million in a Federated Government Obligations Fund, and $1.9 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 Foundation holds 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 the Foundation's financial statements are prepared according to FASB not-for-profit standards, the investment risk disclosures typical of government financial statements are not disclosed. The Foundation has adopted an investment policy that seeks to provide a steady and increasing stream of funding while maintaining the purchasing power of the assets. The Foundation's 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:

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

<u>Level 2 Investments with inputs</u> – quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other-than-quoted prices that are not observable. Example: Ownership of a corporate bond that trades on an exchange that is not active.

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 Foundation's investments by type within the fair value hierarchy as of June 30, 2020. In addition to the investments at reported at fair value below, the Foundation reports investment assets at cost or present value of $85.3 million.

University of Colorado Foundation
Fair Value Measurements Using
(Amounts In Thousands)

Investment Type	**Fair Value as of 6/30/2020**	**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**
Mutual Funds - Domestic Equities	$ 17,836	$ 17,836	$ -	$ -	$ -
Mutual Funds - International Equities	154,087	154,087	-	-	-
Mutual Funds - Fixed Income	2,103	2,103	-	-	-
Equity Securities	283,859	243,059	-	40,800	-
Fixed-Income Securities	146,307	-	146,307	-	-
Real Estate	58,795	-	-	-	58,795
Private Equity	323,445	-	-	-	323,445
Commingled Equity Securities	503,391	-	-	-	503,391
Absolute Return	304,803	-	-	-	304,803
Venture Capital	197,433	-	-	567	196,866
Commodities	15,798	-	-	-	15,798
Other	793	-	569	224	-
Assets Held Under Split-Interest Agreements	34,810	34,810	-	-	-
Beneficial Interest in Charitable Trusts Held by Others	13,388	-	-	13,388	-
Total	**$ 2,056,848**	**$ 451,895**	**$ 146,876**	**$ 54,979**	**$ 1,403,098**

Receivables

The Authority loans funds to finance local government water resources projects, wastewater treatment projects, and drinking water projects. The Authority reported loans receivable of $1,008.9 million as of December 31, 2019. The scheduled maturities of the loans receivable are below.

Colorado Water Resources and Power Development Authority
Loans Receivable
(In Thousands)

Year	Principal	Interest	Total
2020	$ 68,578	$ 14,883	$ 83,461
2021	68,559	13,632	82,191
2022	69,421	12,421	81,842
2023	66,691	11,237	77,928
2024	66,443	10,062	76,505
2025 to 2029	290,036	39,095	329,131
2030 to 2034	224,969	19,857	244,826
2035 to 2039	114,027	5,709	119,736
2040 to 2044	25,882	1,573	27,455
2045 to 2049	14,050	239	14,289
2050 to 2051	226	-	226
Total	**$ 1,008,882**	**$ 128,708**	**$ 1,137,590**

The Foundation reported contributions receivable of $123.7 million. This amount is net of allowances for uncollectible contributions and net present value discount. Of this amount, $40.7 million is due within one year, $73.4 million is due within one to five years, and $9.6 million is due in more than five years.

Debt Service Requirements

The Authority has issued several bonds to finance local government water projects, which do not constitute debt of the State. The Authority issued two series of bonds in 2019, the 2019 Series A (SRF) Clean Water Revenue Bonds for $10.9 million and the 2019 Series A (SRF) Drinking Water Revenue Bonds for $5.9 million. 2019 bond retirements included: 1) the 2003 Series A and 2006 Series A Small Water Resources Revenue Bonds, 2) the 1998 Series B and 1999 Series A Clean Water Revenue Bonds, and 3) the 2006 Series B, 2008 Series A, and 2008 Series B Drinking Water Revenue Bonds. As of December 31, 2019, the Authority reported $34.0 million in current bonds payable and $388.8 million in noncurrent bonds payable.

The schedule below summarizes the remaining debt service payments for all bond issuances for the Authority.

Colorado Water Resources and Power Development Authority
Debt Service Requirements
(In Thousands)

Year	Principal	Interest	Total
2020	$ 33,960	$ 18,062	$ 52,022
2021	32,390	16,502	48,892
2022	33,300	14,999	48,299
2023	32,595	13,487	46,082
2024	32,670	12,138	44,808
2025 to 2029	125,450	43,890	169,340
2030 to 2034	92,485	19,934	112,419
2035 to 2039	30,170	4,872	35,042
2040 to 2044	8,430	1,173	9,603
2045 to 2048	1,365	115	1,480
Total	**$ 422,815**	**$ 145,172**	**$ 567,987**

HLC's Series 2010 Bonds were, in-substance, defeased in Fiscal Year 2020. Its remaining debt payments are covered by $49.3 million of assets placed in trust to be solely used for future payments.

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 2019 are below.

Denver Metropolitan Major League Baseball Stadium District
Changes in Capital Assets
(In Thousands)

	Beginning Balance, 1/1/2019	Additions	Transfers	Retirements	Ending Balance, 12/31/2019
Historical Costs					
Land	$ 20,613	$ 51	$ -	$ -	$ 20,664
Land Improvements	13,214	-	-	-	13,214
Buildings	197,240	11,132	3,428	-	211,800
Construction in Progress	3,939	4,671	(3,938)	-	4,672
Other Property and Equipment	32,183	1,445	510	-	34,138
Total Historical Costs	267,189	17,299	-	-	284,488
Accumulated Depreciation					
Land Improvements	(6,479)	(226)	-	-	(6,705)
Buildings	(70,696)	(5,638)	-	-	(76,334)
Other Property and Equipment	(23,481)	(1,172)	-	-	(24,653)
Total Accumulated Depreciation	(100,656)	(7,036)	-	-	(107,692)
Net Capital Assets	**$ 166,533**	**$ 10,263**	**$ -**	**$ -**	**$ 176,796**

Transactions with the Primary Government

Pursuant to statutes, with the written consent of the Department of Public Health and Environment, the Authority is authorized, on behalf of the State, to execute operating agreements with the United States Environmental Protection Agency. The Authority 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 assume specified responsibilities. The Authority incurred expenses for the two state agencies totaling $10.1 million in the fiscal year ending December 31, 2019.

In Fiscal Year 2020, HLC sold most of its assets to the Metropolitan State University of Denver (MSU). HLC received $47.5 million from MSU in exchange for HLC's property, plant and equipment totaling $37.9 million, as well as $1.7 million of other assets, and liabilities of $.4 million. HLC realized a gain of $8.3 million from the transaction. Additionally, HLC had entered into an interest rate swap agreement which was transferred to MSU. HLC paid $.2 million for interest on MSU's Series 2020 bonds during the last quarter of the fiscal year.

The Foundation reported custodial funds of $459.8 million, held for investment for the University of Colorado. In Fiscal Year 2020, the Foundation collected a 1.5 percent annual advancement support assessment on these funds, which was $4.7 million. $184.5 million of distributions were transferred to the University and $24.4 million of advancement support was paid to the University.

Pension Information

The Authority 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 Authority. The pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions specific to the Authority are provided below.

At December 31, 2019, the Authority reported a liability of $3,997,037 for its proportionate share of the collective net pension liability.

The Authority recognized reduction of pension expense of $439,667 and revenue of $1,267 for support from the State as a nonemployer contributing entity for the fiscal year ended December 31, 2019. At December 31, 2019, the Authority 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	$ 114,302	$ -
Changes of assumptions or other inputs	210,464	2,064,008
Net difference between projected and actual earnings on pension plan investments	201,895	-
Changes in proportion	6,814	502,259
Contributions subsequent to the measurement date	240,259	-
Total	$ 773,734	$ 2,566,267

At December 31, 2019, the Authority reported $240,259 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, 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 Ending December 31,	Amount
2020	$ (985,831)
2021	(1,167,443)
2022	9,918
2023	110,564
	$ (2,032,792)

Other Post-Employment Benefits (OPEB)

The Authority participates in the PERA defined benefit OPEB plan disclosed in Note 7. Disclosures in Note 7 for the PERA Health Care Trust Fund (HCTF) OPEB regarding general information about the plan, contributions, and actuarial assumptions are also applicable to the Authority. The OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB specific to the Authority are provided below.

At December 31, 2019, the Authority reported a liability of $194,626 for its proportionate share of the collective net OPEB liability.

The Authority recognized OPEB expense of $16,127 for the fiscal year ended December 31, 2019. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 707	$ 296
Changes of assumptions or other inputs	1,365	-
Net difference between projected and actual earnings on OPEB plan investments	1,119	-
Changes in proportion	826	251
Contributions subsequent to the measurement date	12,727	-
Total	**$ 16,744**	**$ 547**

At December 31, 2019, the Authority reported $12,727 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ended December 31, 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 December 31,	Amount
2020	$ 623
2021	623
2022	623
2023	1,400
2024	196
Thereafter	5
	$ 3,470

Subsequent Events

On January 28, 2020, a municipal water district paid the Authority $48.5 million to prepay a loan with the Authority. These funds, along with cash on hand were deposited into an escrow account to pay principal and interest on outstanding bonds of $51.5 million, which will be called on September 1, 2020.

On November 5, 2020, the Authority issued its State Revolving Fund Revenue Bonds 2020 Series B. The $11.0 million proceeds from the issuance will be used to fund loans to governmental municipal borrowers to finance or refinance certain costs of improvements to wastewater treatment facilities, to fund a deposit to a debt service reserve account, and to pay costs of issuance. The Bonds have maturity dates starting in 2021 and ending in 2050 with interest rates varying between 1.0% and 5.0%.

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, 2020

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 3,395,362	
Income Taxes			7,882,440	
Other Taxes			305,095	
Sales and Services			2,189	
Interest Earnings			32,589	
Other Revenues			23,371	
Transfers-In			364,945	
TOTAL REVENUES AND TRANSFERS-IN			12,005,991	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 12,099	$ 12,099	12,035	$ 64
Corrections	885,383	884,397	874,353	10,044
Education	4,405,171	4,415,090	4,412,483	2,607
Governor	53,098	46,976	45,126	1,850
Health Care Policy and Financing	3,150,437	2,955,045	2,951,822	3,223
Higher Education	1,112,706	1,110,764	1,110,493	271
Human Services	1,043,300	1,018,138	1,009,370	8,768
Judicial Branch	616,134	606,133	594,069	12,064
Labor and Employment	25,520	25,536	25,264	272
Law	18,718	18,747	17,746	1,001
Legislative Branch	55,198	55,174	53,940	1,234
Local Affairs	44,341	43,073	42,074	999
Military and Veterans Affairs	11,616	11,284	10,967	317
Natural Resources	43,465	34,790	34,408	382
Personnel & Administration	15,633	15,482	15,383	99
Public Health and Environment	59,177	59,665	58,627	1,038
Public Safety	166,108	168,235	163,847	4,388
Regulatory Agencies	2,325	2,373	2,352	21
Revenue	87,416	86,416	85,533	883
State	8,419	8,419	9,451	(1,032)
Treasury	29,957	13,457	11,236	2,221
SUB-TOTAL OPERATING BUDGETS	11,846,221	11,591,293	11,540,579	50,714
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	2,396	452	1,944
Corrections	-	28,888	5,186	23,702
Education	-	2,264	1,155	1,109
Governor	445	47,898	14,821	33,077
Health Care Policy and Financing	-	2,831	364	2,467
Higher Education	-	148,883	95,820	53,063
Human Services	-	91,680	32,160	59,520
Military and Veterans Affairs	-	3,551	228	3,323
Natural Resources	1,000	1,000	-	1,000
Personnel & Administration	2,044	17,646	3,525	14,121
Public Health and Environment	-	4,148	1,444	2,704
Public Safety	-	728	42	686
Transportation	500	1,014	514	500
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	3,989	352,927	155,711	197,216
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 11,850,210	$ 11,944,220	11,696,290	$ 247,930
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 309,701	

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, 2020

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 13,051	
Income Taxes			646,700	
Other Taxes			108,962	
Tuition and Fees			3,137,184	
Sales and Services			1,469,613	
Interest Earnings			47,186	
Other Revenues			788,246	
Transfers-In			1,680,599	
Capital Contributions			317	
TOTAL REVENUES AND TRANSFERS-IN			7,891,858	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 37,568	$ 35,745	29,148	$ 6,597
Corrections	78,063	77,780	52,536	25,244
Education	1,137,120	1,091,222	1,038,244	52,978
Governor	322,705	315,770	269,322	46,448
Health Care Policy and Financing	1,463,591	1,488,778	1,365,034	123,744
Higher Education	3,282,047	3,267,851	3,193,599	74,252
Human Services	352,019	356,000	296,014	59,986
Judicial Branch	178,831	183,922	140,036	43,886
Labor and Employment	79,132	78,032	76,831	1,201
Law	69,348	68,911	63,931	4,980
Legislative Branch	1,456	1,817	1,504	313
Local Affairs	42,061	54,744	50,065	4,679
Military and Veterans Affairs	1,475	1,475	1,062	413
Natural Resources	282,297	280,902	193,525	87,377
Personnel & Administration	136,452	134,620	112,072	22,548
Public Health and Environment	259,584	257,437	216,098	41,339
Public Safety	265,978	267,443	249,697	17,746
Regulatory Agencies	96,703	96,910	88,488	8,422
Revenue	241,027	238,980	201,745	37,235
State	27,989	28,013	24,787	3,226
Transportation	138,618	43,191	42,056	1,135
Treasury	54,754	54,797	31,778	23,019
SUB-TOTAL OPERATING BUDGETS	8,548,818	8,424,340	7,737,572	686,768
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	3,264	1,590	1,674
Governor	-	22,536	6,615	15,921
Higher Education	44,356	269,566	73,640	195,926
Human Services	745	5,392	1,071	4,321
Labor and Employment	-	18,403	9,542	8,861
Natural Resources	20,870	56,293	14,082	42,211
Personnel & Administration	-	369	50	319
Public Health and Environment	5,083	6,987	1,260	5,727
Public Safety	2,111	450	-	450
Transportation	-	725	621	104
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	73,165	383,985	108,471	275,514
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 8,621,983	$ 8,808,325	7,846,043	962,282
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 45,815	

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, 2020

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 6,443,601	
TOTAL REVENUES AND TRANSFERS-IN			6,443,601	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 5,747,994	$ 6,002,779	6,027,578	$ (24,799)
Human Services	344,702	387,254	354,372	32,882
Labor and Employment	27,245	29,346	25,721	3,625
Public Health and Environment	19,749	19,749	16,145	3,604
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	6,139,690	6,439,128	6,423,816	15,312
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 6,139,690	$ 6,439,128	6,423,816	$ 15,312
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 19,785	

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, 2020

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUNDS			
	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:				
Revenues and Transfers-In Appropriated (Required Supplementary Information):				
General	$ 11,815,710	$ -	$ -	$ 190,281
Cash	976,142	-	282,508	1,839,151
Federal	4,033,362	-	-	4,772
Sub-Total Revenues and Transfers-In Appropriated	16,825,214	-	282,508	2,034,204
Revenues and Transfers-In Non-Appropriated (Supplementary Information):				
General	1,265,290	-	-	-
Cash	5,338,671	3,336	2,291,814	2,803,653
Federal	2,634,069	1,910,660	660,650	311,056
Sub-Total Revenues and Transfers-In Non-Appropriated	9,238,030	1,913,996	2,952,464	3,114,709
Total Revenues and Transfers-In Appropriated and Non-Appropriated	26,063,244	1,913,996	3,234,972	5,148,913
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):				
General Funded	11,540,290	-	-	156,000
Cash Funded	972,681	-	290,211	1,837,452
Federally Funded	4,017,921	-	-	-
Expenditures/Expenses and Transfers-Out Appropriated	16,530,892	-	290,211	1,993,452
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):				
General Funded	1,126,820	-	-	-
Cash Funded	5,053,553	-	2,426,806	2,093,569
Federally Funded	2,642,277	1,910,660	602,993	281,324
Expenditures/Expenses and Transfers-Out Non-Appropriated	8,822,650	1,910,660	3,029,799	2,374,893
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	25,353,542	1,910,660	3,320,010	4,368,345
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	294,322	-	(7,703)	40,752
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	415,380	3,336	(77,335)	739,816
BUDGETARY BASIS ADJUSTMENTS:				
Increase/(Decrease) for Unrealized Gains/Losses	21,723	18,014	19,933	116,743
Increase for Budgeted Non-GAAP Expenditures	-	-	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	497,175	1,710,644	809,829	1,076,116
Increase/(Decrease) for GAAP Revenue Adjustments	(881,718)	(1,710,644)	(809,025)	(1,356,351)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	346,882	21,350	(64,301)	617,076
GAAP BASIS FUND BALANCES/NET POSITION:				
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	2,062,907	-	1,042,654	5,473,348
Prior Period Adjustments (See Note 15A)	(8,195)	-	-	-
Accounting Changes (See Note 15B)	-	-	-	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	2,054,712	-	1,042,654	5,473,348
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 2,401,594	$ 21,350	$ 978,353	$ 6,090,424

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

PROPRIETARY FUND TYPES							
HIGHER EDUCATION INSTITUTIONS	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**TOTAL PRIMARY GOVERNMENT**	**FIDUCIARY FUND TYPES**
$ -	$ -	$ -	$ -	$ -	$ -	$ 12,005,991	$ -
3,177,947	-	14,363	936,780	251,014	411,051	7,888,956	2,902
-	-	-	2,405,470	(3)	-	6,443,601	-
3,177,947	-	14,363	3,342,250	251,011	411,051	26,338,548	2,902
-	-	-	-	-	-	1,265,290	-
645,738	216,219	561,992	541	875,442	78,348	12,815,754	2,334,493
121,953	20,251	2,911,035	184,858	283,462	-	9,037,994	-
767,691	236,470	3,473,027	185,399	1,158,904	78,348	23,119,038	2,334,493
3,945,638	236,470	3,487,390	3,527,649	1,409,915	489,399	49,457,586	2,337,395
-	-	-	-	-	-	11,696,290	-
3,145,434	-	20,253	883,195	307,452	386,449	7,843,127	2,916
-	-	-	2,405,895	-	-	6,423,816	-
3,145,434	-	20,253	3,289,090	307,452	386,449	25,963,233	2,916
-	-	-	-	-	-	1,126,820	-
488,403	22,476	1,582,836	1,744	794,276	81,383	12,545,046	1,790,394
38,972	-	3,173,770	184,940	274,494	-	9,109,430	-
527,375	22,476	4,756,606	186,684	1,068,770	81,383	22,781,296	1,790,394
3,672,809	22,476	4,776,859	3,475,774	1,376,222	467,832	48,744,529	1,793,310
32,513	-	(5,890)	53,160	(56,441)	24,602	375,315	(14)
240,316	213,994	(1,283,579)	(1,285)	90,134	(3,035)	337,742	544,099
12	9,325	16	(171)	14,341	1,796	201,732	10,231
-	-	-	-	-	-	-	-
15,416	(13,679)	9,566	(55,887)	166,073	83,741	4,298,994	2,148
27,956	(2,156)	58	59,883	(36,259)	(892)	(4,709,148)	(2,086)
1,102,609	-	-	-	-	-	1,102,609	-
1,418,822	207,484	(1,279,829)	55,700	177,848	106,212	1,607,244	554,378
1,683,539	1,153,149	1,278,298	8,038	396,996	(506,485)	12,592,444	9,126,394
-	-	-	11,209	-	-	3,014	-
2,446	-	-	-	-	-	2,446	-
1,685,985	1,153,149	1,278,298	19,247	396,996	(506,485)	12,597,904	9,126,394
$ 3,104,807	$ 1,360,633	$ (1,531)	$ 74,947	$ 574,844	$ (400,273)	14,205,148	$ 9,680,772

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) 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, Schools, and State and Judicial NCE Divisions.

State Division

(Amounts In Thousands)

	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	95.49%	95.40%	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of Net Pension liability	$ 9,265,778	$ 10,855,754	$ 19,091,149	$ 17,539,728	$ 10,079,252	$ 9,016,144	$ 8,539,181
State's covered payroll	$ 3,376,294	$ 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	274.44%	332.70%	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	62.24%	55.11%	43.20%	42.59%	56.11%	59.84%	61.00%

Judicial Division

(Amounts In Thousands)

	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	94.28%	94.06%	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of Net Pension liability	$ 85,727	$ 132,873	$ 218,136	$ 239,423	$ 172,824	$ 129,499	$ 102,756
State's covered payroll	$ 55,934	$ 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	153.27%	238.52%	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	80.02%	68.48%	58.70%	53.19%	60.13%	66.89%	77.41%

Denver Public Schools Division

(Amounts In Thousands)

	CY 2019	CY 2018
State's proportion of the net pension liability	30.71%	34.13%
State's proportionate share of Net Pension liability	$ 202,321	$ 349,095
Plan fiduciary net position as a percentage of the total pension liability	84.73%	75.69%

Schools Division

(Amounts In Thousands)

	CY 2019	CY 2018
State's proportion of the net pension liability	11.26%	12.03%
State's proportionate share of Net Pension liability	$ 1,681,628	$ 2,129,952
Plan fiduciary net position as a percentage of the total pension liability	64.52%	57.01%

State Division as a Non-Employer Contributing Entity

(Amounts In Thousands)

	CY 2019	CY 2018
State's proportion of the net pension liability	0.51%	0.55%
State's proportionate share of Net Pension liability	$ 49,203	$ 62,292

Judicial Division as a Non-Employer Contributing Entity

(Amounts In Thousands)

	CY 2019	CY 2018
State's proportion of the net pension liability	0.64%	0.85%
State's proportionate share of Net Pension liability	$ 582	$ 1,199

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 for each fiscal year ending June 30. For the Fiscal Year 2020 and 2019 State and Judicial Trust Divisions, figures reported for the contributions as a percentage of covered payroll differs from the actual employer contribution rate specified in statute due to additional contractually required contributions directly distributed to PERA in accordance with Senate Bill 18-200. In addition, the State made contractually required non-employer contributions to the Fiscal Year 2020 and 2019 State and Judicial Trust Divisions that are not reflected in the tables below (see Note 6 for additional information).

State & Judicial Division

(Amounts In Thousands)

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Contractually required contributions	$ 685,396	$ 649,516	$ 549,049	$ 524,478	$ 492,159	$ 453,406	$ 419,912	$ 368,468	$ 276,326	$ 256,682
Contributions in relation to the contractually required contributions	(685,396)	(649,516)	(549,049)	(524,478)	(492,159)	(453,406)	(419,912)	(368,468)	(276,326)	(256,682)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,513,083	3,377,180	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455	1,998,390
Contributions as a percentage of covered payroll	19.51%	19.23%	19.08%	18.64%	17.76%	16.87%	15.98%	14.62%	11.26%	12.84%

State Division

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Contractually required contributions	673,795	639,485	541,295	516,932	484,588	$ 446,528	$ 413,694	$ 362,791	$ 272,068	$ 252,727
Contributions in relation to the contractually required contributions	(673,795)	(639,485)	(541,295)	(516,932)	(484,588)	(446,528)	(413,694)	(362,791)	(272,068)	(252,727)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,455,535	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
Contributions as a percentage of covered payroll	19.50%	19.26%	19.13%	18.68%	17.78%	16.88%	15.97%	14.63%	11.23%	12.83%

Judicial Division

	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Contractually required contributions	$ 11,601	$ 10,031	$ 7,754	$ 7,546	$ 7,571	$ 6,878	$ 6,218	$ 5,677	$ 4,258	$ 3,955
Contributions in relation to the contractually required contributions	(11,601)	(10,031)	(7,754)	(7,546)	(7,571)	(6,878)	(6,218)	(5,677)	(4,258)	(3,955)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	57,548	56,296	47,454	46,181	46,332	42,088	38,057	41,019	30,766	28,577
Contributions as a percentage of covered payroll	20.16%	17.82%	16.34%	16.34%	16.34%	16.34%	16.34%	13.84%	13.84%	13.84%

The following schedule presents a two-year history of the State's (primary government's) Senate Bill 18-200 contractually required contributions to PERA for the Denver Public Schools and Schools Divisions, and the State and Judicial Divisions for which the State is a non-employer contributing entity for each fiscal year ending June 30.

Denver Public Schools Division

	FY 2020	FY 2019
Contractually required contributions	$ 19,201	$ 18,622
Contributions in relation to the contractually required contributions	(19,201)	(18,622)
Contribution deficiency(excess)	-	-

Schools Division

	FY 2020	FY 2019
Contractually required contributions	$ 127,367	$ 126,505
Contributions in relation to the contractually required contributions	(127,367)	(126,505)
Contribution deficiency(excess)	-	-

State Division as a Non-Employer Contributing Entity

	FY 2020	FY 2019
Contractually required contributions	$ 3,480	$ 3,607
Contributions in relation to the contractually required contributions	(3,480)	(3,607)
Contribution deficiency(excess)	-	-

Judicial Division as a Non-Employer Contributing Entity

	FY 2020	FY 2019
Contractually required contributions	$ 77	$ 82
Contributions in relation to the contractually required contributions	(77)	(82)
Contribution deficiency(excess)	-	-

B. SIGNFICANT CHANGES IN ASSUMPATIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2019 Changes in Assumptions or Other Inputs Since 2018

- The assumption used to value the AI cap benefit provision was changed from 1.50 percent to 1.25 percent.

2018 Changes in Assumptions or Other Inputs Since 2017

- The single equivalent interest rate (SEIR) for the State Division was increased from 4.72 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the fiduciary net position (FNP), thereby eliminating the need to apply the municipal bond index rate.

- The SEIR for the School Division was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

- The SEIR for the Judicial Division was increased from 5.41 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

2017 Changes in Assumptions or Other Inputs Since 2016

- The SEIR for the State Division was lowered from 5.26 percent to 4.72 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

- The SEIR for the Judicial Division was increased from 5.18 percent to 5.41 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

- The municipal bond index rate used in the determination of the SEIR for the State and Judicial Divisions changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

2016 Changes in Assumptions or Other Inputs Since 2015

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.

- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.

- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.

- The post-retirement mortality assumption for healthy lives for the State Division was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73 percent factor applied to ages below 80 and a 108 percent factor applied to age 80 and above, projected to 2018, for males, and a 78 percent factor applied to ages below 80 and a 109 percent factor applied to age 80 and above, projected to 2020, for females.

- The post-retirement mortality assumption for healthy lives for the Judicial Division was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, for males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.

- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to 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.

- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.

- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.

- The SEIR for the State Division was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86 percent on the measurement date.

- The SEIR for the Judicial Division was lowered from 5.73 percent to 5.18 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 3.57 percent on the prior measurement date to 3.86 percent on the measurement date.

015 Changes in Assumptions or Other Inputs Since 2014

- The SEIR for the Judicial Division was lowered from 6.14 percent to 5.73 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 3.70 percent on the prior measurement date to 3.57 percent on the measurement date.

- The following programming changes were made:

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

- The following methodology changes were made:

- Recognition of merit salary increases in the firs projection year.
- Elimination of the assumption that 35 percent of future disabled members elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

<u>2014 Changes in Assumptions or Other Inputs Since 2013</u>

- The SEIR for the Judicial Division was lowered from 6.66 percent to 6.14 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 4.73 percent on the prior measurement date to 3.70 percent on the measurement date.

<u>2013 Changes in Assumptions or Other Inputs Since 2012</u>

- The investment return assumption was lowered from 8.00 percent to 7.50 percent.

- The price inflation assumption was lowered from 3.50 percent to 2.80 percent.

- The wage inflation assumption was lowered from 4.25 percent to 3.90 percent.

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 2019	CY 2018	CY 2017	CY 2016
State's proportion (percentage) of the collective net OPEB liability	32.75%	33.40%	33.71%	33.83%
State's proportionate share of the collective net OPEB liability	$ 368,098	$ 454,363	$ 438,113	$ 438,677
State's covered payroll	$ 3,023,000	$ 2,923,641	$ 2,842,778	$ 2,797,414
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	12.18%	15.54%	15.41%	15.68%
Fiduciary net position as a percentage of the total OPEB liability	24.49%	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 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Contractually required contributions	$ 31,659	$ 30,171	$ 29,346	$ 28,699	$ 28,272	$ 27,410	$ 26,810	$ 25,712	$ 25,025	$ 20,384
Contributions in relation to the contractually required contributions	(31,659)	(30,171)	(29,346)	(28,699)	(28,272)	(27,410)	(26,810)	(25,712)	(25,025)	(20,384)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,103,809	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
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 UNIVERSITY OPEB LIABILITY AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

CHANGES IN TOTAL UNIVERSITY OPEB LIABILITY AND RELATED RATIOS

		Fiscal Year Ending June 30:		
University OPEB Plan (Amounts in Thousands)		**2020**	**2019**	**2018**
Service cost	$	53,400	49,754	53,099
Interest cost		34,254	28,404	24,648
Changes in benefit terms		-	-	-
Differences between expected and actual experience		(206,938)	(1,728)	(87,654)
Changes of assumptions		3,678	35,919	(46,406)
Benefit payments		(15,461)	(15,163)	(17,211)
Net change in total OPEB liability		(131,067)	97,186	(73,524)
Total OPEB liability (beginning)		843,959	746,773	820,297
Total OPEB liability (ending)		712,892	843,959	746,773
Covered-employee payroll	$	1,719,840	1,663,010	1,475,177
Total OPEB liability as a % of payroll		41.45%	50.75%	50.62%

C. SIGNFICANT CHANGES IN ASSUMPATIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

PERA Health Care Trust Fund

There were no significant changes in assumptions or other inputs effective for the December 31, 2019, December 31, 2018, or December 31, 2017 measurement periods for the PERA HCTF.

University of Colorado OPEB

Changes in assumptions or other inputs effective for the June 30, 2019 measurement date are as follows:

- Discount rate changed from 3.85 percent to 3.50 percent.
- Mortality table was updated from the PUB-2010 “Teachers” table with generational projection using Scale MP-2018 to the PUB-2010 “Teachers” table with generational projection using Scale MP-2019.
- Health care trend rates were updated.
- Health care claim costs and retiree contributions were updated based upon recent expenditures.

Changes in assumptions or other inputs effective for the June 30, 2018 measurement date are as follows:

- Discount 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 the PUB-2010 Teachers Classification Table with generational projection using Scale MP-2018. The impact of this change was an increase in Total OPEB Liability of about 8 percent.

Changes in assumptions or other inputs effective for the June 30, 2017 measurement date are as follows:

- Discount rate changed from 2.85 percent to 3.60 percent.
- Health care trend rates were updated.
- 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)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GENERAL PURPOSE REVENUE COMPONENT
FOR THE YEAR ENDED JUNE 30, 2020
(DOLLARS IN THOUSANDS)

	Forecasted / Budgeted Amounts		Actual Amounts	
	Original	Final	Budgetary Basis	Variance
Budgetary fund balance, July 1	$ 448,345	$ 448,345	$ 448,345	
Resources (Inflows):				
Sales and use tax	3,829,300	3,820,100	3,651,976	$ (168,124)
Other excise taxes	105,100	106,000	106,979	979
Individual income tax, net	7,833,930	7,909,560	8,056,100	146,540
Corporate income tax, net	879,170	789,440	670,434	(119,006)
Insurance tax	327,800	327,100	337,418	10,318
Pari-mutuel, courts, and other	29,100	29,100	39,546	10,446
Investment income	14,900	28,100	31,090	2,990
Transfers-in from other funds	19,000	70,300	186,727	116,427
Amounts available for appropriation	13,486,645	13,528,045	13,528,615	570
Charges to appropriations (outflows):				
Agriculture	12,099	12,099	12,035	64
Corrections	885,094	884,108	874,064	10,044
Education	4,406,928	4,415,090	4,412,483	2,607
Governor	53,353	47,186	45,336	1,850
Health Care Policy and Financing	3,157,427	2,961,102	2,957,290	3,812
Higher Education	1,116,841	1,111,209	1,110,938	271
Human Services	1,056,022	1,018,361	1,009,570	8,791
Judicial Branch	616,146	606,133	594,069	12,064
Labor and Employment	25,834	25,536	25,264	272
Law	18,718	18,728	17,746	982
Legislative Branch	55,211	55,174	53,940	1,234
Local Affairs	50,805	47,448	46,361	1,087
Military and Veterans Affairs	11,616	11,284	10,967	317
Natural Resources	35,668	34,790	34,408	382
Personnel and Administration	17,757	16,348	16,244	104
Public Health and Environment	61,159	61,647	60,608	1,039
Public Safety	166,108	168,235	163,847	4,388
Regulatory Agencies	2,373	2,373	2,352	21
Revenue	229,756	448,954	426,945	22,009
State	8,419	8,419	9,451	(1,032)
Treasury	839,791	803,124	670,501	132,623
Nondepartmental:				
Transfers-out to capital projects fund	-	112,692	112,692	-
Total charges to appropriations	12,827,125	12,870,040	12,667,111	202,929
Budgetary reserves and amounts not forecasted or budgeted:				
Decrease in Contingency reserve - C.R.S. 24-75-201.1	452,900	452,900	452,900	
Release of prior year State Controller approved rollforwards			33,264	
State Controller approved rollforwards			(35,241)	
Net of revenues not forecasted and expenditures not budgeted			148,952	
Total budgetary reserves and amounts not forecasted or budgeted	452,900	452,900	599,875	
Budgetary fund balance, June 30	$ 1,112,420	$ 1,110,905	$ 1,461,379	

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, 2020
(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.	$ 13,528,615
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.	(448,345)
Federal revenues not forecasted	6,643,629
Fee revenues and other funding sources not forecasted	829,922
Other revenues not forecasted	(33,694)
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).	61,887
Fair value of investments in excess of cost is excluded from inflows of budgetary resources but is revenue for financial reporting purposes.	3,070
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control	(478,195)
Transfers are inflows of budgetary resources but are other financing sources for financial reporting purposes.	(357,278)
Capital lease proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(515)
Insurance recoveries are not revenues for financial reporting purposes.	(72)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$ 19,749,024
Uses/outflows of resources and reserves:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	12,667,111
Differences - budget to GAAP:	
Expenditures of federal grants and contracts not budgeted	6,647,963
Fee revenue and other funding uses not budgeted	778,726
Other expenditures not budgeted	(135,784)
Transfers to other funds are outflows of budgetary resources but are other financing uses for financial reporting purposes.	(5,448,572)
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).	125,529
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).	117,994
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).	371
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control.	(478,195)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances—general fund components	$ 14,275,143

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 2019 forecast is used for the original budget and the December 2019 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 2020 is $361.3 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.

SUPPLEMENTARY INFORMATION

GENERAL FUND COMPONENTS

For legal compliance purposes, the General Fund is is segregated into the following 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, 2020

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOL	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	TOTAL	INTRA-FUND RECEIVABLE ELIMINATIONS	TOTAL
ASSETS:							
Cash and Pooled Cash	$ 1,690	$ 1,142	$ 37,519	$ 187,926	$ 228,277	$ -	$ 228,277
Taxes Receivable, net	2,864,172	-	-	-	2,864,172	-	2,864,172
Other Receivables, net	441,788	2,494	605	252	445,139	-	445,139
Due From Other Governments	766,319	1,538	-	143	768,000	-	768,000
Due From Other Funds	59,243	-	-	31,116	90,359	(20,302)	70,057
Inventories	14,343	-	-	-	14,343	-	14,343
Prepaids, Advances and Deposits	69,277	-	193	74	69,544	-	69,544
Restricted Assets:							
Restricted Cash and Pooled Cash	4	15,702	-	534,928	550,634	-	550,634
Restricted Receivables	-	-	-	9,840	9,840	-	9,840
Investments	12,005	-	-	323,516	335,521	-	335,521
Other Long-Term Assets	59	-	-	18,547	18,606	-	18,606
TOTAL ASSETS	$ 4,228,900	$ 20,876	$ 38,317	$ 1,106,342	$ 5,394,435	$ (20,302)	$ 5,374,133
LIABILITIES:							
Tax Refunds Payable	$ 942,102	$ -	$ -	$ -	$ 942,102	$ -	$ 942,102
Accounts Payable and Accrued Liabilities	798,011	60	1,257	46,567	845,895	-	845,895
TABOR Refund Liability (Note 2B)	143,993	-	-	-	143,993	-	143,993
Due To Other Governments	269,538	-	-	24,479	294,017	-	294,017
Due To Other Funds	352,415	-	3,560	9,742	365,717	(20,302)	345,415
Unearned Revenue	204,282	-	-	285	204,567	-	204,567
Claims and Judgments Payable	726	-	-	-	726	-	726
Other Current Liabilities	13,746	-	-	30	13,776	-	13,776
Deposits Held In Custody For Others	118	-	-	352	470	-	470
TOTAL LIABILITIES	2,724,931	60	4,817	81,455	2,811,263	(20,302)	2,790,961
DEFERRED INFLOW OF RESOURCES:	181,353	225	-	-	181,578	-	181,578
FUND BALANCES:							
Nonspendable:							
Inventories	14,343	-	-	-	14,343	-	14,343
Prepaids	69,165	-	193	74	69,432	-	69,432
Restricted	-	-	-	823,528	823,528	-	823,528
Committed	361,300	20,591	33,307	201,285	616,483	-	616,483
Assigned	35,241	-	-	-	35,241	-	35,241
Unassigned	842,567	-	-	-	842,567	-	842,567
TOTAL FUND BALANCES	1,322,616	20,591	33,500	1,024,887	2,401,594	-	2,401,594
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,228,900	$ 20,876	$ 38,317	$ 1,106,342	$ 5,394,435	$ (20,302)	$ 5,374,133

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND COMPONENTS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOLS	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	TOTAL	INTRA-FUND TRANSFER ELIMINATIONS	TOTAL
REVENUES:							
Taxes:							
Individual and Fiduciary Income	$ 8,056,100	$ -	$ -	$ -	$ 8,056,100	$ -	$ 8,056,100
Corporate Income	670,434	-	-	-	670,434	-	670,434
Sales and Use	3,651,976	-	-	-	3,651,976	-	3,651,976
Excise	106,980	-	-	-	106,980	-	106,980
Other Taxes	337,766	-	-	-	337,766	-	337,766
Licenses, Permits, and Fines	18,670	-	-	1,919	20,589	-	20,589
Charges for Goods and Services	22,365	-	58,840	314	81,519	-	81,519
Rents	164	-	-	2	166	-	166
Investment Income (Loss)	43,454	15	2,152	39,929	85,550	-	85,550
Federal Grants and Contracts	6,678,397	-	-	11,935	6,690,332	-	6,690,332
Other	162,718	2,640	14	32,745	198,117	-	198,117
TOTAL REVENUES	19,749,024	2,655	61,006	86,844	19,899,529	-	19,899,529
EXPENDITURES:							
Current:							
General Government	201,474	176	61,164	4,254	267,068	-	267,068
Business, Community, and Consumer Affairs	157,491	-	-	25,595	183,086	-	183,086
Education	891,754	4,816	-	6,379	902,949	-	902,949
Health and Rehabilitation	736,944	-	-	623	737,567	-	737,567
Justice	1,723,737	-	-	1	1,723,738	-	1,723,738
Natural Resources	42,583	-	-	-	42,583	-	42,583
Social Assistance	8,093,660	-	-	18,279	8,111,939	-	8,111,939
Capital Outlay	26,430	-	-	221,135	247,565	-	247,565
Intergovernmental:							
Cities	67,238	-	-	39,408	106,646	-	106,646
Counties	1,319,415	-	-	14,334	1,333,749	-	1,333,749
School Districts	770,282	4,110,495	-	284,354	5,165,131	-	5,165,131
Special Districts	50,336	-	-	19,795	70,131	-	70,131
Federal	14	-	-	-	14	-	14
Other	180,456	-	-	174	180,630	-	180,630
Debt Service	13,329	-	-	73,801	87,130	-	87,130
TOTAL EXPENDITURES	14,275,143	4,115,487	61,164	708,132	19,159,926	-	19,159,926
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,473,881	(4,112,832)	(158)	(621,288)	739,603	-	739,603
OTHER FINANCING SOURCES (USES):							
Transfers-In	357,278	4,245,459	2	520,078	5,122,817	(4,556,720)	566,097
Transfers-Out	(5,448,571)	(138,616)	(1,791)	(119,643)	(5,708,621)	4,556,720	(1,151,901)
Face Amount of Bond/COP Issuance	-	-	-	165,805	165,805	-	165,805
Bond/COP Premium/Discount	-	-	-	25,833	25,833	-	25,833
Issuance of Capital Leases	515	-	-	-	515	-	515
Insurance Recoveries	72	-	858	-	930	-	930
TOTAL OTHER FINANCING SOURCES (USES)	(5,090,706)	4,106,843	(931)	592,073	(392,721)	-	(392,721)
NET CHANGE IN FUND BALANCES	383,175	(5,989)	(1,089)	(29,215)	346,882	-	346,882
FUND BALANCE, FISCAL YEAR BEGINNING	947,636	26,580	34,589	1,054,102	2,062,907	-	2,062,907
Prior Period Adjustment (See Note 15A)	(8,195)	-	-	-	(8,195)	-	(8,195)
FUND BALANCE, FISCAL YEAR BEGINNING (RESTATED)	939,441	26,580	34,589	1,054,102	2,054,712	-	2,054,712
FUND BALANCE, FISCAL YEAR END	$ 1,322,616	$ 20,591	$ 33,500	$ 1,024,887	$ 2,401,594	$ -	$ 2,401,594

CAPITAL PROJECTS FUND COMPONENTS

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. For legal compliance purposes, the Capital Projects Fund is is segregated into the following 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, 2020

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ -	$ 17,129	$ 17,129
Other Receivables, net	20	-	20
Due From Other Governments	4,905	106	5,011
Due From Other Funds	225,067	-	225,067
Prepaids, Advances and Deposits	50	-	50
Restricted Cash and Pooled Cash	-	5	5
Investments	958,477	1,754	960,231
TOTAL ASSETS	$ 1,188,519	$ 18,994	$ 1,207,513
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 12,364	$ 535	$ 12,899
TOTAL LIABILITIES	12,364	535	12,899
FUND BALANCES:			
Nonspendable:			
Prepaids	50	-	50
Restricted	-	5	5
Committed	1,176,105	18,454	1,194,559
TOTAL FUND BALANCES	1,176,155	18,459	1,194,614
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,188,519	$ 18,994	$ 1,207,513

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
REVENUES:			
Investment Income (Loss)	$ 22,461	$ 658	$ 23,119
Federal Grants and Contracts	9,496	6,905	16,401
Other	533	-	533
TOTAL REVENUES	32,490	7,563	40,053
EXPENDITURES:			
Current:			
General Government	9,202	4,371	13,573
Business, Community, and Consumer Affairs	19	-	19
Education	1,746	336	2,082
Health and Rehabilitation	498	-	498
Justice	9,038	475	9,513
Social Assistance	978	339	1,317
Capital Outlay	65,466	3,836	69,302
Intergovernmental:			
Special Districts	14	-	14
TOTAL EXPENDITURES	86,961	9,357	96,318
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(54,471)	(1,794)	(56,265)
OTHER FINANCING SOURCES (USES):			
Transfers- In	189,730	10,051	199,781
Transfers- Out	(328,503)	(6,653)	(335,156)
Face Amount of Bond/COP Issuance	500,000	-	500,000
Bond/COP Premium/Discount	111,009	-	111,009
Sale of Capital Assets	10,760	58	10,818
Insurance Recoveries	741	741	1,482
TOTAL OTHER FINANCING SOURCES (USES)	483,737	4,197	487,934
NET CHANGE IN FUND BALANCES	429,266	2,403	431,669
FUND BALANCE, FISCAL YEAR BEGINNING	746,889	16,056	762,945
FUND BALANCE, FISCAL YEAR END	$ 1,176,155	$ 18,459	$ 1,194,614

OTHER GOVERNMENTAL FUNDS

The following statements present the combining balance sheet for Other Governmental Funds comprising Special Revenue, Debt Service, and Permanent funds.

Special Revenue Funds- These funds are used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

Debt Service Funds- 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- These funds report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support State programs.

COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2020

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTALS
ASSETS:					
Cash and Pooled Cash	$ 2,101,555	$ -	$ 17,129	$ -	$ 2,118,684
Taxes Receivable, net	68,796	-	-	-	68,796
Other Receivables, net	132,242	-	20	10,990	143,252
Due From Other Governments	29,765	341	5,011	-	35,117
Due From Other Funds	272,077	-	225,067	-	497,144
Inventories	105,795	-	-	-	105,795
Prepaids, Advances and Deposits	35,731	-	50	-	35,781
Restricted Assets:					
Restricted Cash and Pooled Cash	364,817	218	5	171,836	536,876
Restricted Investments	1,560	-	-	1,208,461	1,210,021
Investments	153,942	115,106	960,231	-	1,229,279
Other Long-Term Assets	513,040	-	-	30,111	543,151
TOTAL ASSETS	$ 3,779,320	$ 115,665	$ 1,207,513	$ 1,421,398	$ 6,523,896
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	3,027	3,027
LIABILITIES:					
Tax Refunds Payable	$ 9,200	$ -	$ -	$ -	$ 9,200
Accounts Payable and Accrued Liabilities	201,169	1	12,899	4,504	218,573
Due To Other Governments	37,177	-	-	5	37,182
Due To Other Funds	35,195	-	-	286	35,481
Unearned Revenue	123,742	-	-	-	123,742
Claims and Judgments Payable	89	-	-	-	89
Other Current Liabilities	5,386	-	-	-	5,386
Deposits Held In Custody For Others	128	-	-	-	128
TOTAL LIABILITIES	412,086	1	12,899	4,795	429,781
DEFERRED INFLOW OF RESOURCES:	6,718	-	-	-	6,718
FUND BALANCES:					
Nonspendable:					
Inventories	105,795	-	-	-	105,795
Permanent Fund Principal	-	-	-	1,398,247	1,398,247
Prepaids	35,731	-	50	-	35,781
Restricted	442,816	115,664	5	-	558,485
Committed	2,776,174	-	1,194,559	21,383	3,992,116
TOTAL FUND BALANCES	3,360,516	115,664	1,194,614	1,419,630	6,090,424
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,779,320	$ 115,665	$ 1,207,513	$ 1,424,425	$ 6,526,923

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTALS
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 588,830	$ -	$ -	$ -	$ 588,830
Corporate Income	57,870	-	-	-	57,870
Sales and Use	37,220	-	-	-	37,220
Excise	225,139	-	-	-	225,139
Other Taxes	258,742	-	-	-	258,742
Licenses, Permits, and Fines	416,265	-	-	-	416,265
Charges for Goods and Services	157,028	-	-	-	157,028
Rents	5,566	-	-	146,551	152,117
Investment Income (Loss)	142,194	2,333	23,119	82,747	250,393
Federal Grants and Contracts	269,828	-	16,401	-	286,229
Additions to Permanent Funds	-	-	-	580	580
Unclaimed Property Receipts	55,137	-	-	-	55,137
Other	79,828	-	533	131	80,492
TOTAL REVENUES	2,293,647	2,333	40,053	230,009	2,566,042
EXPENDITURES:					
Current:					
General Government	48,253	-	13,573	792	62,618
Business, Community, and Consumer Affairs	343,270	-	19	-	343,289
Education	77,080	-	2,082	-	79,162
Health and Rehabilitation	146,932	-	498	-	147,430
Justice	216,357	-	9,513	-	225,870
Natural Resources	73,334	-	-	15,103	88,437
Social Assistance	227,554	-	1,317	-	228,871
Transportation	5,903	-	-	-	5,903
Capital Outlay	24,508	-	69,302	1,591	95,401
Intergovernmental:					
Cities	117,773	-	-	-	117,773
Counties	146,426	-	-	40	146,466
School Districts	683,110	-	-	-	683,110
Special Districts	28,663	-	14	-	28,677
Federal	31,773	-	-	-	31,773
Other	55,158	-	-	-	55,158
Debt Service	1,573	74,789	-	-	76,362
TOTAL EXPENDITURES	2,227,667	74,789	96,318	17,526	2,416,300
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	65,980	(72,456)	(56,265)	212,483	149,742
OTHER FINANCING SOURCES (USES):					
Transfers-In	390,624	84,109	199,781	2,500	677,014
Transfers-Out	(440,211)	-	(335,156)	(101,661)	(877,028)
Face Amount of Bond/COP Issuance	-	-	500,000	-	500,000
Bond/COP Premium/Discount	-	-	111,009	-	111,009
Sale of Capital Assets	28,686	-	10,818	15,236	54,740
Insurance Recoveries	117	-	1,482	-	1,599
TOTAL OTHER FINANCING SOURCES (USES)	(20,784)	84,109	487,934	(83,925)	467,334
NET CHANGE IN FUND BALANCES	45,196	11,653	431,669	128,558	617,076
FUND BALANCE, FISCAL YEAR BEGINNING	3,315,320	104,011	762,945	1,291,072	5,473,348
FUND BALANCE, FISCAL YEAR END	$ 3,360,516	$ 115,664	$ 1,194,614	$ 1,419,630	$ 6,090,424

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.

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.

STATE EDUCATION

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.

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, 2020

(DOLLARS IN THOUSANDS)

	LABOR	RESOURCE EXTRACTION	STATE EDUCATION	GAMING
ASSETS:				
Cash and Pooled Cash	$ 154,291	$ 757,987	$ -	$ 105,627
Taxes Receivable, net	32,580	4,646	-	5,365
Other Receivables, net	3,175	51,335	-	125
Due From Other Governments	408	3,905	-	-
Due From Other Funds	1,905	19,414	-	-
Inventories	28,728	76,764	-	-
Prepaids, Advances and Deposits	8,364	10,626	21	836
Restricted Assets:				
Restricted Cash and Pooled Cash	106,234	68,247	181,302	8,396
Restricted Investments	1,560	-	-	-
Investments	177	-	-	-
Other Long-Term Assets	-	490,812	-	1,474
TOTAL ASSETS	$ 337,422	$ 1,483,736	$ 181,323	$ 121,823
LIABILITIES:				
Tax Refunds Payable	$ -	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	62,743	48,353	6,565	4,461
Due To Other Governments	-	23,201	-	11,202
Due To Other Funds	722	257	-	25,585
Unearned Revenue	44,544	1,475	-	1,035
Claims and Judgments Payable	77	-	-	-
Other Current Liabilities	502	-	-	-
Deposits Held In Custody For Others	-	-	-	5
TOTAL LIABILITIES	108,588	73,286	6,565	42,288
DEFERRED INFLOW OF RESOURCES:	-	4,646	-	-
FUND BALANCES:				
Nonspendable:				
Inventories	28,728	76,764	-	-
Prepaids	8,364	10,626	21	836
Restricted	107,794	80,078	174,737	40,133
Committed	83,948	1,238,336	-	38,566
TOTAL FUND BALANCES	228,834	1,405,804	174,758	79,535
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 337,422	$ 1,483,736	$ 181,323	$ 121,823

TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 133,428	$ 9,806	$ 134,248	$ 5,502	$ 800,666	$ 2,101,555
225	-	-	-	25,980	68,796
56,940	23	7,545	1,066	12,033	132,242
1,119	-	13,197	-	11,136	29,765
96	-	4,024	246,379	259	272,077
-	-	303	-	-	105,795
-	1	-	4	15,879	35,731
-	-	-	-	638	364,817
-	-	-	-	-	1,560
-	-	-	148,414	5,351	153,942
-	-	-	-	20,754	513,040
$ 191,808	$ 9,830	$ 159,317	$ 401,365	$ 892,696	$ 3,779,320
$ -	$ -	$ -	$ -	$ 9,200	$ 9,200
21,264	114	8,516	289	48,864	201,169
161	481	37	-	2,095	37,177
4,377	-	2,019	-	2,235	35,195
-	7	8,931	-	67,750	123,742
-	-	-	-	12	89
-	-	28	-	4,856	5,386
-	-	-	-	123	128
25,802	602	19,531	289	135,135	412,086
225	-	-	-	1,847	6,718
-	-	303	-	-	105,795
-	1	-	4	15,879	35,731
26,948	6,666	6,110	-	350	442,816
138,833	2,561	133,373	401,072	739,485	2,776,174
165,781	9,228	139,786	401,076	755,714	3,360,516
$ 191,808	$ 9,830	$ 159,317	$ 401,365	$ 892,696	$ 3,779,320

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	LABOR	RESOURCE EXTRACTION	STATE EDUCATION	GAMING
REVENUES:				
Taxes:				
Individual and Fiduciary Income	$ -	$ -	$ 588,830	$ -
Corporate Income	-	-	57,870	-
Sales and Use	-	-	-	-
Excise	-	-	-	-
Other Taxes	60,175	116,844	-	80,647
Licenses, Permits, and Fines	908	2,219	-	1,123
Charges for Goods and Services	121	13,878	-	343
Rents	-	3	-	-
Investment Income (Loss)	5,014	49,459	8,837	6,224
Federal Grants and Contracts	3,514	76,788	-	-
Unclaimed Property Receipts	-	-	-	-
Other	23,742	8,819	68	3,165
TOTAL REVENUES	93,474	268,010	655,605	91,502
EXPENDITURES:				
Current:				
General Government	13,064	-	-	-
Business, Community, and Consumer Affairs	51,779	14,303	-	34,607
Education	-	-	32,504	16,743
Health and Rehabilitation	2,050	534	-	50
Justice	40,905	-	-	-
Natural Resources	-	72,038	-	-
Social Assistance	-	-	-	-
Transportation	-	-	-	-
Capital Outlay	7,763	6,571	-	7
Intergovernmental:				
Cities	3,346	52,988	-	14,291
Counties	13,136	35,023	-	13,081
School Districts	8	3,184	618,321	200
Special Districts	738	19,773	-	644
Federal	30,000	583	-	-
Other	-	3,161	-	1,712
Debt Service	-	-	-	-
TOTAL EXPENDITURES	162,789	208,158	650,825	81,335
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(69,315)	59,852	4,780	10,167
OTHER FINANCING SOURCES (USES):				
Transfers-In	35,347	284	43,327	1,560
Transfers-Out	(6,413)	(45,007)	(52,373)	(44,014)
Sale of Capital Assets	28,626	-	-	-
Insurance Recoveries	-	-	-	3
TOTAL OTHER FINANCING SOURCES (USES)	57,560	(44,723)	(9,046)	(42,451)
NET CHANGE IN FUND BALANCES	(11,755)	15,129	(4,266)	(32,284)
FUND BALANCE, FISCAL YEAR BEGINNING	240,589	1,390,675	179,024	111,819
FUND BALANCE, FISCAL YEAR END	$ 228,834	$ 1,405,804	$ 174,758	$ 79,535

TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ -	$ -	$ -	$ 588,830
-	-	-	-	-	57,870
-	-	-	-	37,220	37,220
133,718	-	-	-	91,421	225,139
-	-	-	-	1,076	258,742
78,005	97	52,938	-	280,975	416,265
1,002	1,719	78,160	-	61,805	157,028
-	-	-	-	5,563	5,566
5,618	442	5,696	29,073	31,831	142,194
2,370	-	23,641	-	163,515	269,828
-	-	-	55,137	-	55,137
911	4,771	10,020	11	28,321	79,828
221,624	7,029	170,455	84,221	701,727	2,293,647
194	-	102	2,357	32,536	48,253
-	158	2,146	1,029	239,248	343,270
2,421	-	-	-	25,412	77,080
29,214	-	61,052	-	54,032	146,932
290	-	30,738	-	144,424	216,357
-	1,130	-	-	166	73,334
125,859	-	61,352	-	40,343	227,554
-	-	-	-	5,903	5,903
5	189	1,348	2,108	6,517	24,508
1,597	-	1,951	-	43,600	117,773
25,623	488	1,955	-	57,120	146,426
27,872	-	23	-	33,502	683,110
1,617	-	650	100	5,141	28,663
-	-	1,048	79	63	31,773
9,887	-	4,331	1	36,066	55,158
-	-	-	417	1,156	1,573
224,579	1,965	166,696	6,091	725,229	2,227,667
(2,955)	5,064	3,759	78,130	(23,502)	65,980
34,188	-	9,735	-	266,183	390,624
(26,284)	(226)	(26,178)	(46,408)	(193,308)	(440,211)
-	-	-	-	60	28,686
-	-	64	-	50	117
7,904	(226)	(16,379)	(46,408)	72,985	(20,784)
4,949	4,838	(12,620)	31,722	49,483	45,196
160,832	4,390	152,406	369,354	706,231	3,315,320
$ 165,781	$ 9,228	$ 139,786	$ 401,076	$ 755,714	$ 3,360,516

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, 2020

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 10,990	$ -	$ 10,990
Restricted Assets:			
Restricted Cash and Pooled Cash	150,453	21,383	171,836
Restricted Investments	1,208,461	-	1,208,461
Other Long-Term Assets	30,111	-	30,111
TOTAL ASSETS	$ 1,400,015	$ 21,383	$ 1,421,398
DEFERRED OUTFLOW OF RESOURCES:	3,027	-	3,027
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 4,504	$ -	$ 4,504
Due To Other Governments	5	-	5
Due To Other Funds	286	-	286
TOTAL LIABILITIES	4,795	-	4,795
FUND BALANCES:			
Nonspendable:			
Permanent Fund Principal	1,398,247	-	1,398,247
Committed	-	21,383	21,383
TOTAL FUND BALANCES	1,398,247	21,383	1,419,630
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,403,042	$ 21,383	$ 1,424,425

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Rents	$ 144,879	$ 1,672	$ 146,551
Investment Income (Loss)	81,764	983	82,747
Additions to Permanent Funds	580	-	580
Other	124	7	131
TOTAL REVENUES	227,347	2,662	230,009
EXPENDITURES:			
Current:			
General Government	792	-	792
Natural Resources	15,101	2	15,103
Capital Outlay	1,591	-	1,591
Intergovernmental:			
Counties	40	-	40
TOTAL EXPENDITURES	17,524	2	17,526
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	209,823	2,660	212,483
OTHER FINANCING SOURCES (USES):			
Transfers- In	-	2,500	2,500
Transfers- Out	(101,661)	-	(101,661)
Sale of Capital Assets	15,236	-	15,236
TOTAL OTHER FINANCING SOURCES (USES)	(86,425)	2,500	(83,925)
NET CHANGE IN FUND BALANCES	123,398	5,160	128,558
FUND BALANCE, FISCAL YEAR BEGINNING	1,274,849	16,223	1,291,072
FUND BALANCE, FISCAL YEAR END	$ 1,398,247	$ 21,383	$ 1,419,630

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.
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.
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.

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, 2020

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 170,827	$ 155,486	$ 48,764	$ 3,962
Premiums/Taxes Receivable, net	-	-	-	-
Student and Other Receivables, net	22,277	72	30,963	8
Due From Other Governments	13,735	818	-	-
Due From Other Funds	3,865	-	-	-
Inventories	1,412	-	1,732	-
Prepaids, Advances and Deposits	3,250	64	5,859	18
Total Current Assets	215,366	156,440	87,318	3,988
Noncurrent Assets:				
Restricted Cash and Pooled Cash	34,400	51,317	-	-
Restricted Receivables	-	22,651	-	-
Other Long-Term Assets	351	-	-	-
Depreciable Capital Assets and Infrastructure, net	175,689	909	363	11,177
Land and Nondepreciable Capital Assets	417,257	-	-	1,231
Total Noncurrent Assets	627,697	74,877	363	12,408
TOTAL ASSETS	843,063	231,317	87,681	16,396
DEFERRED OUTFLOW OF RESOURCES:	19,412	1,024	1,480	556
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	21,624	98	4,041	432
Due To Other Governments	-	19,412	42	-
Due To Other Funds	962	-	38,649	-
Unearned Revenue	48,145	-	-	104
Compensated Absences Payable	1,030	-	-	2
Leases Payable	-	-	-	-
Notes, Bonds, and COPs Payable	-	-	-	-
Other Current Liabilities	390	1,460	39,663	8
Total Current Liabilities	72,151	20,970	82,395	546
Noncurrent Liabilities:				
Due to Other Funds	16,211	-	-	-
Deposits Held In Custody For Others	25	-	-	-
Accrued Compensated Absences	8,808	168	743	120
Capital Lease Payable	-	-	-	-
Notes, Bonds, and COPs Payable	-	-	-	-
Net Pension Liability	207,595	2,877	20,590	5,780
Other Postemployment Benefits	8,064	92	830	225
Other Long-Term Liabilities	-	-	19	-
Total Noncurrent Liabilities	240,703	3,137	22,182	6,125
TOTAL LIABILITIES	312,854	24,107	104,577	6,671
DEFERRED INFLOW OF RESOURCES:	90,077	1,165	9,789	2,335
NET POSITION:				
Net investment in Capital Assets:	592,946	-	-	-
Restricted for:				
Emergencies	34,000	-	-	-
Other Purposes	31,961	-	2,567	-
Unrestricted	(199,363)	207,069	(27,772)	7,946
TOTAL NET POSITION	$ 459,544	$ 207,069	$ (25,205)	$ 7,946

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTAL
$ -	$ 28,088	$ 7,763	$ 6,252	$ 54,356	$ 475,498
-	-	-	11	374	385
2,112	827	-	3,672	204	60,135
431	2,625	-	-	2,168	19,777
159	2,728	-	-	317	7,069
11,758	181	672	-	208	15,963
-	46	-	-	608	9,845
14,460	34,495	8,435	9,935	58,235	588,672
-	-	-	-	103	85,820
-	-	-	-	-	22,651
1,019	-	-	-	-	1,370
3,568	27,702	1,901	36	11,405	232,750
977	4,463	-	-	4,268	428,196
5,564	32,165	1,901	36	15,776	770,787
20,024	66,660	10,336	9,971	74,011	1,359,459
2,559	9,036	487	1,273	2,945	38,772
5,265	5,244	1,590	2,370	2,417	43,081
-	441	-	-	-	19,895
3,163	-	-	4,000	12,022	58,796
1	1,306	-	-	6,750	56,306
65	242	-	-	39	1,378
-	269	-	-	-	269
-	-	-	-	575	575
-	90	-	14	33	41,658
8,494	7,592	1,590	6,384	21,836	221,958
-	-	-	-	-	16,211
-	-	-	-	-	25
1,322	2,487	248	543	1,210	15,649
-	1,432	-	-	-	1,432
-	-	-	-	656	656
27,892	81,379	5,142	7,626	24,002	382,883
1,131	3,257	208	301	783	14,891
-	-	-	-	-	19
30,345	88,555	5,598	8,470	26,651	431,766
38,839	96,147	7,188	14,854	48,487	653,724
14,637	34,880	2,087	3,543	11,150	169,663
4,545	-	1,901	36	12,185	611,613
-	-	-	-	-	34,000
-	-	-	-	-	34,528
(35,438)	(55,331)	(353)	(7,189)	5,134	(105,297)
$ (30,893)	$ (55,331)	$ 1,548	$ (7,153)	$ 17,319	$ 574,844

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
OPERATING REVENUES:				
License and Permits	$ 158,994	$ -	$ 66	$ -
Tuition and Fees	63	-	-	-
Sales of Goods and Services	7,797	-	658,839	6,702
Investment Income (Loss)	-	5,485	-	-
Rental Income	-	-	-	356
Federal Grants and Contracts	36,134	210,729	-	-
Intergovernmental Revenue	49,652	-	-	-
Other	1,452	1	885	-
TOTAL OPERATING REVENUES	254,092	216,215	659,790	7,058
OPERATING EXPENSES:				
Salaries and Fringe Benefits	46,960	17,583	3,853	2,963
Operating and Travel	98,017	172,142	67,989	4,198
Cost of Goods Sold	588	-	15,373	-
Depreciation and Amortization	13,721	84	106	859
Intergovernmental Distributions	9,367	-	-	-
Debt Service	-	10,566	-	-
Prizes and Awards	3	504	424,560	866
TOTAL OPERATING EXPENSES	168,656	200,879	511,881	8,886
OPERATING INCOME (LOSS)	85,436	15,336	147,909	(1,828)
NONOPERATING REVENUES AND (EXPENSES):				
Taxes	-	-	-	-
Fines and Settlements	462	-	-	-
Investment Income (Loss)	8,563	6,789	2,599	107
Rental Income	15,257	-	-	-
Gifts and Donations	916	-	-	418
Intergovernmental Distributions	-	-	(70,365)	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(24)	-	-	-
Insurance Recoveries from Prior Year Impairments	1,701	-	-	149
Debt Service	(6)	-	-	-
Other Revenues	11	-	-	2,036
TOTAL NONOPERATING REVENUES (EXPENSES)	26,880	6,789	(67,766)	2,710
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	112,316	22,125	80,143	882
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	3,796	-	-	615
Transfers-In	19,383	23	9	1,302
Transfers-Out	(9,611)	(76)	(72,717)	(102)
TOTAL CONTRIBUTIONS AND TRANSFERS	13,568	(53)	(72,708)	1,815
CHANGE IN NET POSITION	125,884	22,072	7,435	2,697
NET POSITION - FISCAL YEAR BEGINNING	333,660	184,997	(32,640)	5,249
NET POSITION - FISCAL YEAR ENDING	$ 459,544	$ 207,069	$ (25,205)	$ 7,946

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ 532	$ 10,700	$ 170,292
2	-	-	-	1,695	1,760
37,175	26,342	19,757	20	5,824	762,456
-	-	-	-	2,191	7,676
-	-	-	-	1,906	2,262
407	35,139	-	9	990	283,408
-	206	-	-	-	49,858
271	74	845	-	217	3,745
37,855	61,761	20,602	561	23,523	1,281,457
5,293	24,099	1,158	13,325	3,961	119,195
9,877	11,257	3,993	20,538	20,762	408,773
19,660	-	14,498	-	137	50,256
397	1,941	214	18	1,011	18,351
-	4,697	-	-	4,264	18,328
-	-	-	-	-	10,566
-	-	17	-	-	425,950
35,227	41,994	19,880	33,881	30,135	1,051,419
2,628	19,767	722	(33,320)	(6,612)	230,038
-	-	-	34,626	-	34,626
-	-	-	-	37	499
(1)	1,247	422	440	562	20,728
86	(4)	-	-	-	15,339
2	-	-	-	420	1,756
-	-	-	-	-	(70,365)
-	(2)	-	-	-	(26)
-	-	-	-	-	1,850
(60)	(60)	-	(1)	(60)	(187)
-	-	-	-	-	2,047
27	1,181	422	35,065	959	6,267
2,655	20,948	1,144	1,745	(5,653)	236,305
-	-	-	-	-	4,411
18	4,173	5	43	466	25,422
(525)	(3,126)	(76)	(1,422)	(635)	(88,290)
(507)	1,047	(71)	(1,379)	(169)	(58,457)
2,148	21,995	1,073	366	(5,822)	177,848
(33,041)	(77,326)	475	(7,519)	23,141	396,996
$ (30,893)	$ (55,331)	$ 1,548	$ (7,153)	$ 17,319	$ 574,844

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Tuition, Fees, and Student Loans	$ -	$ -	$ -	$ -
Fees for Service	157,026	17	-	4,587
Receipts for Interfund Services	20	-	-	-
Sales of Products	2,646	-	652,008	61
Gifts, Grants, and Contracts	29,343	216,454	-	-
Income from Property	15,257	-	-	356
Other Sources	52,401	5,487	954	1,891
Cash Payments to or for:				
Employees	(103,270)	(17,900)	(10,321)	(4,467)
Suppliers	(58,823)	(2,773)	(37,134)	(3,622)
Payments for Interfund Services	(3,924)	(61)	(511)	(83)
Sales Commissions and Lottery Prizes	(8,735)	-	(471,987)	-
Other Governments	(9,367)	-	(86)	-
Other	(15,552)	(180,675)	(624)	(924)
NET CASH PROVIDED BY OPERATING ACTIVITIES	57,022	20,549	132,299	(2,201)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers- In	19,383	23	9	1,918
Transfers- Out	(9,611)	(76)	(72,717)	(102)
Receipt of Deposits Held in Custody	1,039	-	-	-
Release of Deposits Held in Custody	(682)	-	-	(5)
Gifts and Grants for Other Than Capital Purposes	916	-	-	418
Intergovernmental Distributions	-	-	(68,095)	-
Unclaimed Property Fund Interest	-	-	-	2,036
NonCapital Debt Proceeds	-	-	-	-
NonCapital Debt Service Payments	-	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	11,045	(53)	(140,803)	4,265
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(111,914)	(1,296)	(94)	(1,902)
Proceeds from Sale of Capital Assets	58,456	648	47	781
Capital Debt Service Payments	(1)	-	-	-
Capital Lease Payments	-	-	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(53,459)	(648)	(47)	(1,121)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ 2	$ -	$ -	$ -	$ 1,724	$ 1,726
-	25,546	-	-	3,888	191,064
4,240	12	-	20	993	5,285
37,022	-	19,757	-	948	712,442
216	36,324	-	9	986	283,332
86	-	-	-	1,888	17,587
247	21	845	38,705	9,683	110,234
(13,983)	(45,328)	(2,379)	(15,266)	(9,031)	(221,945)
(27,043)	(10,241)	(18,041)	(1,432)	(20,419)	(179,528)
(126)	(114)	(61)	-	-	(4,880)
-	-	-	-	-	(480,722)
-	(5,019)	-	-	(4,264)	(18,736)
(462)	(241)	(19)	(19,503)	(81)	(218,081)
199	960	102	2,533	(13,685)	197,778
18	4,172	5	43	466	26,037
(525)	(3,126)	(76)	(1,422)	(635)	(88,290)
5	-	-	-	-	1,044
(5)	-	-	-	-	(692)
2	-	-	-	420	1,756
-	-	-	-	-	(68,095)
-	-	-	-	-	2,036
-	63	-	-	66	129
-	(63)	-	-	(66)	(129)
(505)	1,046	(71)	(1,379)	251	(126,204)
(998)	(1,588)	(392)	(80)	(4,268)	(122,532)
421	772	143	33	4,089	65,390
(60)	(3)	-	(1)	(617)	(682)
-	(369)	-	-	-	(369)
(637)	(1,188)	(249)	(48)	(796)	(58,193)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	3,605	6,789	1,397	-
Proceeds from Sale/Maturity of Investments	-	-	-	-
Purchases of Investments	-	-	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	4,958	-	1,202	107
NET CASH FROM INVESTING ACTIVITIES	8,563	6,789	2,599	107
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	23,171	26,637	(5,952)	1,050
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	182,056	180,166	54,716	2,912
CASH AND POOLED CASH, FISCAL YEAR END	$ 205,227	$ 206,803	$ 48,764	$ 3,962
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 85,436	$ 15,336	$ 147,909	$ (1,828)
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided by Operating Activities:				
Depreciation	13,721	84	106	859
Investment/Rental Income and Other Revenue in Operating Income	-	-	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	17,459	-	-	149
Compensated Absences Expense	688	32	(77)	12
Interest and Other Expense in Operating Income	12,918	-	-	339
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred				
Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(14,199)	17,056	(6,831)	244
(Increase) Decrease in Inventories	(426)	-	(122)	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(807)	(16)	210	60
(Increase) Decrease in Pension Deferred Outflow	26,895	54	2,864	439
(Increase) Decrease in OPEB Deferred Outflow	74	(7)	18	-
Increase (Decrease) in Accounts Payable	799	63	(4,492)	35
Increase (Decrease) in Pension Liability	(38,838)	84	(4,833)	(763)
Increase (Decrease) in OPEB Liability	(2,040)	(6)	(246)	(45)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	(1,174)	(11,642)	1,800	(559)
Increase (Decrease) in Pension Deferred Inflow	(45,189)	(502)	(4,211)	(1,182)
Increase (Decrease) in OPEB Deferred Inflow	1,705	13	204	39
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 57,022	$ 20,549	$ 132,299	$ (2,201)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	-	-	-	615
Capital Assets Acquired by Grants or Donations and Payable Increases	3,796	-	-	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	-	-	-	-
Loss on Disposal of Capital and Other Assets	53	-	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	-	-	-
State Support for PERA Pensions	(281)	23	9	2

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
4	515	214	85	1,297	13,906
-	-	-	-	13,848	13,848
-	-	-	-	(292)	(292)
(5)	731	208	356	1,053	8,610
(1)	1,246	422	441	15,906	36,072
(944)	2,064	204	1,547	1,676	49,453
944	26,024	7,559	4,705	52,783	511,865
$ -	$ 28,088	$ 7,763	$ 6,252	$ 54,459	$ 561,318
$ 2,628	$ 19,767	$ 722	$ (33,320)	$ (6,612)	$ 230,038
397	1,941	214	18	1,011	18,351
-	-	-	-	(2,191)	(2,191)
86	(4)	-	34,626	37	52,353
132	461	9	104	231	1,592
156	28	105	14	252	13,812
4,268	(108)	-	(297)	(2,090)	(1,957)
(393)	9	-	-	(39)	(971)
419	47	-	-	17	(70)
4,348	6,822	535	183	4,256	46,396
20	(44)	1	(21)	24	65
(1,514)	1,173	321	(611)	(175)	(4,401)
(8,521)	(12,073)	(763)	(512)	(5,974)	(72,193)
(417)	(688)	(41)	(32)	(315)	(3,830)
2,773	322	-	4,000	1,210	(3,270)
(4,537)	(17,308)	(1,038)	(1,667)	(3,597)	(79,231)
354	615	37	48	270	3,285
$ 199	$ 960	$ 102	$ 2,533	$ (13,685)	$ 197,778
-	-	-	-	-	615
-	-	-	-	-	3,796
-	-	-	-	1,078	1,078
-	2	-	-	-	55
-	(357)	-	-	(259)	(616)
(40)	647	5	43	137	545

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, 2020

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 15,545	$ 2,492	$ 48,644	$ 6,809
Other Receivables, net	1,440	-	341	32
Due From Other Governments	-	-	102	-
Due From Other Funds	-	-	263	-
Inventories	803	-	-	94
Prepaids, Advances and Deposits	19	74	8,312	-
Total Current Assets	17,807	2,566	57,662	6,935
Noncurrent Assets:				
Restricted Cash and Pooled Cash	-	-	-	260
Depreciable Capital Assets and Infrastructure, net	78,468	17,595	13,964	10,267
Land and Nondepreciable Capital Assets	-	174	148	201
Total Noncurrent Assets	78,468	17,769	14,112	10,728
TOTAL ASSETS	96,275	20,335	71,774	17,663
DEFERRED OUTFLOW OF RESOURCES:	2,298	572	16,564	744
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	2,160	376	29,735	1,170
Due To Other Funds	-	-	-	-
Unearned Revenue	-	-	3,066	-
Compensated Absences Payable	20	-	809	1
Leases Payable	17,193	3,749	-	1,702
Other Current Liabilities	698	-	-	-
Total Current Liabilities	20,071	4,125	33,610	2,873
Noncurrent Liabilities:				
Accrued Compensated Absences	996	203	8,520	367
Capital Lease Payable	58,873	3,774	-	9,844
Net Pension Liability	18,810	5,056	226,007	9,524
Other Postemployment Benefits	714	195	8,607	370
Total Noncurrent Liabilities	79,393	9,228	243,134	20,105
TOTAL LIABILITIES	99,464	13,353	276,744	22,978
DEFERRED INFLOW OF RESOURCES:	9,435	2,416	91,903	4,016
NET POSITION:				
Net investment in Capital Assets:	2,402	10,245	14,112	(1,078)
Unrestricted	(12,728)	(5,107)	(294,421)	(7,509)
TOTAL NET POSITION	$ (10,326)	$ 5,138	$ (280,309)	$ (8,587)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ -	$ 316	$ 1,893	$ 11,308	$ -	$ 87,007
-	7	15	57	11	1,903
-	-	-	-	-	102
-	-	-	-	-	263
386	-	-	-	-	1,283
-	-	7	458	-	8,870
386	323	1,915	11,823	11	99,428
-	-	-	-	-	260
50	1,595	46	884	-	122,869
-	-	-	-	-	523
50	1,595	46	884	-	123,652
436	1,918	1,961	12,707	11	223,080
69	4	743	8,013	34	29,041
108	-	361	3,316	68	37,294
494	-	-	2	70	566
-	-	-	-	-	3,066
-	-	14	358	-	1,202
-	-	-	-	-	22,644
-	-	-	-	-	698
602	-	375	3,676	138	65,470
-	-	343	2,014	112	12,555
-	-	-	-	-	72,491
1,000	-	10,884	71,126	1,488	343,895
40	-	423	2,677	66	13,092
1,040	-	11,650	75,817	1,666	442,033
1,642	-	12,025	79,493	1,804	507,503
1,027	-	4,831	28,609	2,654	144,891
50	1,595	46	884	-	28,256
(2,214)	327	(14,198)	(88,266)	(4,413)	(428,529)
$ (2,164)	$ 1,922	$ (14,152)	$ (87,382)	$ (4,413)	$ (400,273)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
OPERATING REVENUES:				
Sales of Goods and Services	$ 64,949	$ 8,552	$ 336,560	$ 20
Rental Income	-	-	-	14,455
Other	787	-	128	1
TOTAL OPERATING REVENUES	65,736	8,552	336,688	14,476
OPERATING EXPENSES:				
Salaries and Fringe Benefits	4,450	1,025	143,787	1,914
Operating and Travel	35,691	6,924	115,426	7,225
Depreciation and Amortization	19,730	4,338	3,968	2,431
Prizes and Awards	-	-	21	-
TOTAL OPERATING EXPENSES	59,871	12,287	263,202	11,570
OPERATING INCOME (LOSS)	5,865	(3,735)	73,486	2,906
NONOPERATING REVENUES AND (EXPENSES):				
Fines and Settlements	1	-	-	-
Investment Income (Loss)	-	64	1,387	-
Gain/(Loss) on Sale or Impairment of Capital Assets	1,389	-	61	49
Insurance Recoveries from Prior Year Impairments	-	-	18	2
Debt Service	(1,826)	(108)	-	(486)
TOTAL NONOPERATING REVENUES (EXPENSES)	(436)	(44)	1,466	(435)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	5,429	(3,779)	74,952	2,471
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	317	-	-	-
Transfers- In	389	3,713	1,230	37
Transfers- Out	(249)	(165)	(1,162)	(1,728)
TOTAL CONTRIBUTIONS AND TRANSFERS	457	3,548	68	(1,691)
CHANGE IN NET POSITION	5,886	(231)	75,020	780
NET POSITION - FISCAL YEAR BEGINNING	(16,212)	5,369	(355,329)	(9,367)
NET POSITION - FISCAL YEAR ENDING	$ (10,326)	$ 5,138	$ (280,309)	$ (8,587)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 1,374	$ 105	$ 6,597	$ 46,441	$ 1,087	$ 465,685
-	-	-	-	-	14,455
-	-	-	17	3	936
1,374	105	6,597	46,458	1,090	481,076
(482)	67	1,660	20,419	(829)	172,011
652	(224)	1,209	3,946	242	171,091
18	371	4	298	-	31,158
-	-	-	-	-	21
188	214	2,873	24,663	(587)	374,281
1,186	(109)	3,724	21,795	1,677	106,795
-	-	-	-	-	1
-	-	77	477	(1)	2,004
-	-	6	(4)	-	1,501
-	-	-	-	-	20
(14)	-	-	(7)	(2)	(2,443)
(14)	-	83	466	(3)	1,083
1,172	(109)	3,807	22,261	1,674	107,878
-	-	-	-	-	317
8	-	1	-	2	5,380
-	-	(207)	(3,719)	(133)	(7,363)
8	-	(206)	(3,719)	(131)	(1,666)
1,180	(109)	3,601	18,542	1,543	106,212
(3,344)	2,031	(17,753)	(105,924)	(5,956)	(506,485)
$ (2,164)	$ 1,922	$ (14,152)	$ (87,382)	$ (4,413)	$ (400,273)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Fees for Service	$ 2,331	$ -	$ 80	$ -
Receipts for Interfund Services	62,329	8,552	336,029	16
Sales of Products	5	-	248	-
Income from Property	-	-	-	14,400
Other Sources	788	-	-	-
Cash Payments to or for:				
Employees	(9,611)	(2,311)	(202,252)	(4,250)
Suppliers	(31,372)	(126)	(54,591)	(6,181)
Payments for Interfund Services	(3,417)	(6,812)	(51,996)	(879)
Other Governments	(1)	-	-	-
Other	(44)	(2)	(774)	(3)
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,008	(699)	26,744	3,103
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers-In	413	3,713	1,230	37
Transfers-Out	(249)	(165)	(1,162)	(1,728)
Receipt of Deposits Held in Custody	731	-	-	-
Release of Deposits Held in Custody	(275)	-	-	-
NonCapital Debt Proceeds	-	87	-	-
NonCapital Debt Service Payments	-	(87)	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	620	3,548	68	(1,691)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(30,447)	24	(3,038)	(3,736)
Proceeds from Sale of Capital Assets	30,609	-	1,724	2,195
Capital Debt Service Payments	-	(41)	-	-
Capital Lease Payments	(19,436)	(3,857)	-	(486)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(19,274)	(3,874)	(1,314)	(2,027)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 4	$ 34	$ 8	$ -	$ 200	$ 2,657
14	83	6,578	46,388	902	460,891
1,361	-	-	-	5	1,619
-	-	-	-	-	14,400
-	-	-	17	-	805
(470)	-	(4,659)	(36,832)	(682)	(261,067)
(801)	(9)	(535)	(3,204)	(422)	(97,241)
(102)	(9)	(670)	(588)	-	(64,473)
-	-	-	-	-	(1)
-	-	(1)	(1)	(39)	(864)
6	99	721	5,780	(36)	56,726
8	-	1	-	2	5,404
-	-	(207)	(3,719)	(133)	(7,363)
-	-	-	-	-	731
-	-	-	-	-	(275)
-	-	-	-	-	87
-	-	-	-	-	(87)
8	-	(206)	(3,719)	(131)	(1,503)
-	(346)	(58)	(364)	-	(37,965)
-	294	35	180	-	35,037
(14)	-	-	(7)	(2)	(64)
-	-	-	-	-	(23,779)
(14)	(52)	(23)	(191)	(2)	(26,771)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	-	5	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	-	59	1,387	-
NET CASH FROM INVESTING ACTIVITIES	-	64	1,387	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	2,354	(961)	26,885	(615)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	13,191	3,453	21,759	7,684
CASH AND POOLED CASH, FISCAL YEAR END	$ 15,545	$ 2,492	$ 48,644	$ 7,069
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 5,865	$ (3,735)	$ 73,486	$ 2,906
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided by Operating Activities:				
Depreciation	19,730	4,338	3,968	2,431
Rents, Fines, Donations, and Grants and Contracts in NonOperating	1	-	29	20
Compensated Absences Expense	436	95	1,091	109
Interest and Other Expense in Operating Income	1,006	-	-	242
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred				
Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(284)	-	(216)	(31)
(Increase) Decrease in Inventories	(206)	-	-	41
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(4)	19	(225)	-
(Increase) Decrease in Pension Deferred Outflow	2,059	846	27,358	1,150
(Increase) Decrease in OPEB Deferred Outflow	(11)	4	56	6
Increase (Decrease) in Accounts Payable	52	(25)	9,530	(99)
Increase (Decrease) in Pension Liability	(4,041)	(1,247)	(39,970)	(1,535)
Increase (Decrease) in OPEB Liability	(205)	(64)	(1,919)	(82)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	-	-	(810)	(49)
Increase (Decrease) in Pension Deferred Inflow	(3,578)	(984)	(47,284)	(2,076)
Increase (Decrease) in OPEB Deferred Inflow	188	54	1,650	70
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 21,008	$ (699)	$ 26,744	$ 3,103
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	292	-	-	-
Loss on Disposal of Capital and Other Assets	(1,389)	-	(50)	(31)
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	(452)	-	-
Assumption of Capital Lease Obligation or Mortgage	20,288	-	-	485
State Support for PERA Pensions	-	1	(338)	3

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
-	-	26	177	-	208
-	-	51	300	(1)	1,796
-	-	77	477	(1)	2,004
-	47	569	2,347	(170)	30,456
-	269	1,324	8,961	170	56,811
$ -	$ 316	$ 1,893	$ 11,308	$ -	$ 87,267
$ 1,186	$ (109)	$ 3,724	$ 21,795	$ 1,677	$ 106,795
18	371	4	298	-	31,158
-	-	-	-	-	50
-	-	-	440	80	2,251
-	(242)	-	-	-	1,006
4	12	(11)	(53)	21	(558)
(225)	-	-	-	-	(390)
-	-	-	11	-	(199)
148	66	1,492	7,963	708	41,790
1	1	8	14	12	91
76	-	(17)	467	(302)	9,682
(397)	-	(2,197)	(10,659)	(1,778)	(61,824)
(19)	-	(113)	(582)	(70)	(3,054)
(102)	-	-	2	20	(939)
(692)	-	(2,265)	(14,417)	(454)	(71,750)
8	-	96	501	50	2,617
$ 6	$ 99	$ 721	$ 5,780	$ (36)	$ 56,726
-	-	-	-	-	292
-	-	(6)	4	-	(1,472)
-	-	-	-	-	(452)
-	-	-	-	-	20,773
8	-	1	(94)	2	(417)

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, 2020

(DOLLARS IN THOUSANDS)	STATE EMPLOYEE BENEFIT PLANS	COLORADO STATE UNIVERSITY OTHER POST- EMPLOYMENT BENEFITS TRUST	TOTALS
ASSETS:			
Cash and Pooled Cash	$ 110,152	$ -	$ 110,152
Other Receivables, net	1,628	161	1,789
Due From Other Funds	1,860	-	1,860
Investments:			
Government Securities	-	6,049	6,049
Corporate Bonds	-	10,820	10,820
Asset Backed Securities	-	1,013	1,013
Mortgages	-	6,270	6,270
Mutual Funds	-	34,839	34,839
Other Investments	-	25,471	25,471
TOTAL ASSETS	113,640	84,623	198,263
LIABILITIES:			
Accounts Payable and Accrued Liabilities	23,595	96	23,691
Due To Other Funds	4	-	4
Intrafund Payables	1	-	1
Claims and Judgments Payable	22,928	-	22,928
Accrued Compensated Absences	139	-	139
TOTAL LIABILITIES	46,667	96	46,763
NET POSITION:			
Restricted for:			
OPEB	-	84,527	84,527
Pension/Benefit Plan Participants	66,973	-	66,973
TOTAL NET POSITION	$ 66,973	$ 84,527	$ 151,500

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	STATE EMPLOYEE BENEFIT PLANS	COLORADO STATE UNIVERSITY OTHER POST-EMPLOYMENT BENEFITS TRUST	TOTALS
ADDITIONS:			
Member Contributions	$ 90,575	$ 1,811	$ 92,386
Employer Contributions	380,681	136	380,817
Investment Income/(Loss)	4,565	2,109	6,674
Other Additions	4,927	-	4,927
Transfers-In	1,576	-	1,576
TOTAL ADDITIONS	482,324	4,056	486,380
DEDUCTIONS:			
Distributions to Participants	-	3,250	3,250
Health Insurance Premiums Paid	159,672	-	159,672
Health Insurance Claims Paid	244,489	-	244,489
Other Benefits Plan Expense	32,270	-	32,270
Other Deductions	21,569	233	21,802
Transfers-Out	205	-	205
TOTAL DEDUCTIONS	458,205	3,483	461,688
CHANGE IN NET POSITION	24,119	573	24,692
NET POSITION - FISCAL YEAR BEGINNING	42,854	83,954	126,808
NET POSITION - FISCAL YEAR ENDING	$ 66,973	$ 84,527	$ 151,500

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2020

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN	COLLEGE OPPORTUNITY FUND	OTHER	TOTALS
ASSETS:						
Cash and Pooled Cash	$ 15,452	$ 185,317	$ 645	$ 204	$ 12,613	$ 214,231
Other Receivables, net	51	-	17,089	-	838	17,978
Due From Other Funds	-	-	12,022	-	-	12,022
Restricted Cash and Pooled Cash	-	-	76,643	-	-	76,643
Investments:						
Government Securities	-	-	-	-	480	480
Mortgages	-	19,407	-	-	-	19,407
Mutual Funds	-	-	9,081,666	-	-	9,081,666
Guaranteed Investment Contracts		-	159,686		-	159,686
Other Investments	-	-	943	-	-	943
TOTAL ASSETS	15,503	204,724	9,348,694	204	13,931	9,583,056
LIABILITIES:						
Accounts Payable and Accrued Liabilities	$ -	$ -	$ 16,048	$ -	$ 7,584	$ 23,632
Due To Other Funds	-	-	317	-	-	317
Unearned Revenue	-	-	18,452	-	5,019	23,471
Deposits Held In Custody For Others	-	-	6,364	-	-	6,364
TOTAL LIABILITIES	-	-	41,181	-	12,603	53,784
NET POSITION:						
Restricted for:						
Individuals, Organizations, and Other Entities	15,503	204,724	9,307,513	204	1,328	9,529,272
TOTAL NET POSITION	$ 15,503	$ 204,724	$ 9,307,513	$ 204	$ 1,328	$ 9,529,272

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN	COLLEGE OPPORTUNITY FUND	OTHER	TOTALS
ADDITIONS:						
Additions By Participants	$ -	$ -	$ 1,066,765	$ 353,018	$ 13,083	$ 1,432,866
Investment Income/(Loss)	720	6,525	355,750	-	516	363,511
Unclaimed Property Receipts	-	59,218	-	-	-	59,218
Other Additions	1,075	-	1,239	-	1,008	3,322
Transfers- In	-	-	-	-	1	1
TOTAL ADDITIONS	1,795	65,743	1,423,754	353,018	14,608	1,858,918
DEDUCTIONS:						
Distributions to Participants	-	-	-	352,835	-	352,835
Payments in Accordance with Trust Agreements	720	47,382	913,920	-	14,340	976,362
Transfers- Out	-	-	-	-	35	35
TOTAL DEDUCTIONS	720	47,382	913,920	352,835	14,375	1,329,232
CHANGE IN NET POSITION	1,075	18,361	509,834	183	233	529,686
NET POSITION - FISCAL YEAR BEGINNING	14,428	186,363	8,797,679	21	1,095	8,999,586
NET POSITION - FISCAL YEAR ENDING	$ 15,503	$ 204,724	$ 9,307,513	$ 204	$ 1,328	$ 9,529,272

COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 163,001	$ 2,041,271	$ 2,032,756	$ 171,516
Taxes Receivable, net	196,170	253,194	228,255	221,109
Other Receivables, net	-	1,457	151	1,306
Due From Other Funds	201	201	402	-
TOTAL ASSETS	$ 359,372	$ 2,296,123	$ 2,261,564	$ 393,931
LIABILITIES:				
Tax Refunds Payable	$ 2,937	$ 1,647	$ 2,937	$ 1,647
Accounts Payable and Accrued Liabilities	-	55,624	51,796	3,828
Due To Other Governments	355,042	2,308,641	2,277,870	385,813
Due To Other Funds	-	124	-	124
Claims and Judgments Payable	69	772	783	58
Other Current Liabilities	735	2,272	576	2,431
Other Long-Term Liabilities	589	30	589	30
TOTAL LIABILITIES	$ 359,372	$ 2,369,110	$ 2,334,551	$ 393,931

COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 143,814	$ 237,834	$ 192,065	$ 189,583
Taxes Receivable, net	8,215	10,129	9,652	8,692
Other Receivables, net	296	814	702	408
Inventories	5	-	5	-
Other Long-Term Assets	8,821	586	668	8,739
TOTAL ASSETS	$ 161,151	$ 249,363	$ 203,092	$ 207,422
LIABILITIES:				
Tax Refunds Payable	$ 123	$ 49	$ 123	$ 49
Accounts Payable and Accrued Liabilities	788	23,276	23,160	904
Due To Other Governments	14,664	114,530	113,655	15,539
Due To Other Funds	-	7,633	7,623	10
Claims and Judgments Payable	-	177	177	-
Other Current Liabilities	145,123	171,374	125,811	190,686
Deposits Held In Custody For Others	428	-	196	232
Other Long-Term Liabilities	25	2	25	2
TOTAL LIABILITIES	$ 161,151	$ 317,041	$ 270,770	$ 207,422

COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

DEPARTMENT OF TREASURY AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 1,220,829	$ 1,063,250	$ 637,644	$ 1,646,435
Other Receivables, net	-	277	242	35
Due From Other Funds	-	21,969	3,493	18,476
Due From Component Units	107	113	107	113
TOTAL ASSETS	$ 1,220,936	$ 1,085,609	$ 641,486	$ 1,665,059
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ 15	$ 461	$ 460	$ 16
Other Current Liabilities	1,188,323	1,110,669	637,964	1,661,028
Deposits Held In Custody For Others	32,598	758	29,341	4,015
TOTAL LIABILITIES	$ 1,220,936	$ 1,111,888	$ 667,765	$ 1,665,059

COMBINING STATEMENT OF CHANGES
IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TOTALS - ALL AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 1,527,644	$ 3,342,355	$ 2,862,465	$ 2,007,534
Taxes Receivable, net	204,385	263,323	237,907	229,801
Other Receivables, net	296	2,548	1,095	1,749
Due From Other Funds	201	22,170	3,895	18,476
Due From Component Units	107	113	107	113
Inventories	5	-	5	-
Other Long-Term Assets	8,821	586	668	8,739
TOTAL ASSETS	$ 1,741,459	$ 3,631,095	$ 3,106,142	$ 2,266,412
LIABILITIES:				
Tax Refunds Payable	$ 3,060	$ 1,696	$ 3,060	$ 1,696
Accounts Payable and Accrued Liabilities	803	79,361	75,416	4,748
Due To Other Governments	369,706	2,423,171	2,391,525	401,352
Due To Other Funds	-	7,757	7,623	134
Claims and Judgments Payable	69	949	960	58
Other Current Liabilities	1,334,181	1,284,315	764,351	1,854,145
Deposits Held In Custody For Others	33,026	758	29,537	4,247
Other Long-Term Liabilities	614	32	614	32
TOTAL LIABILITIES	$ 1,741,459	$ 3,798,039	$ 3,273,086	$ 2,266,412

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, 2020

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	HLC @ METRO	STATEWIDE INTERNET PORTAL AUTHORITY	TOTAL
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 842	$ 284	$ 2,856	$ 3,982
Other Receivables, net	2,718	-	4,020	6,738
Prepaids, Advances and Deposits	-	-	969	969
Other Current Assets	-	-	3,821	3,821
Total Current Assets	3,560	284	11,666	15,510
Noncurrent Assets:				
Restricted Cash and Pooled Cash	884	-	5,000	5,884
Other Long-Term Assets	218	-	-	218
Depreciable Capital Assets and Infrastructure, net	151,461	-	8	151,469
Land and Nondepreciable Capital Assets	25,335	-	-	25,335
Total Noncurrent Assets	177,898	-	5,008	182,906
TOTAL ASSETS	181,458	284	16,674	198,416
DEFERRED OUTFLOW OF RESOURCES:	-	-	115	115
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	4,592	284	2,904	7,780
Unearned Revenue	-	-	4,816	4,816
Other Current Liabilities	1,000	272	811	2,083
Total Current Liabilities	5,592	556	8,531	14,679
Noncurrent Liabilities:				
Net Pension Liability	-	-	716	716
Other Postemployment Benefits	-	-	83	83
Other Long-Term Liabilities	6,000	195	-	6,195
Total Noncurrent Liabilities	6,000	195	799	6,994
TOTAL LIABILITIES	11,592	751	9,330	21,673
DEFERRED INFLOW OF RESOURCES:	-	-	308	308
NET POSITION:				
Net investment in Capital Assets:	176,796	-	8	176,804
Restricted for:				
Other Purposes	1,221	-	-	1,221
Unrestricted	(8,151)	(467)	7,143	(1,475)
TOTAL NET POSITION	$ 169,866	$ (467)	$ 7,151	$ 176,550

COMBINING STATEMENT OF ACTIVITIES
OTHER COMPONENT UNITS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	HLC @ METRO	STATEWIDE INTERNET PORTAL AUTHORITY	TOTAL
EXPENSES	$ 7,800	$ 2,935	$ 32,031	$ 42,766
PROGRAM REVENUES:				
Charges for Services	9,675	6,956	33,013	49,644
Operating Grants and Contributions	-	32	-	32
Capital Grants and Contributions	3,184	793	-	3,977
TOTAL PROGRAM REVENUES:	12,859	7,781	33,013	53,653
NET (EXPENSE) REVENUE	5,059	4,846	982	10,887
GENERAL REVENUES:				
Unrestricted Investment Earnings (Losses)	37	91	-	128
TOTAL GENERAL REVENUES	37	91	-	128
CHANGE IN NET POSITION	5,096	4,937	982	11,015
NET POSITION - FISCAL YEAR BEGINNING	164,770	(5,404)	-	159,366
Prior Period Adjustment (See Note 15A)	-	-	-	-
Accounting Changes (See Note 15B)	-	-	6,169	6,169
NET POSITION - FISCAL YEAR BEGINNING (Restated)	164,770	(5,404)	6,169	165,535
NET POSITION - FISCAL YEAR ENDING	$ 169,866	$ (467)	$ 7,151	$ 176,550

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 - NON-APPROPRIATED GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 363,594	
Income Taxes			844,095	
Other Taxes			32,671	
Sales and Services			234	
Interest Earnings			3,007	
Other Revenues			2,503	
Transfers-In			19,186	
TOTAL REVENUES AND TRANSFERS-IN			1,265,290	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Governor	$ -	$ 210	210	$ -
Health Care Policy and Financing	-	6,057	5,468	589
Higher Education	-	445	445	-
Human Services	-	223	199	24
Local Affairs	4,375	4,375	4,287	88
Personnel & Administration	-	866	861	5
Public Health and Environment	-	1,981	1,981	-
Revenue	257,470	362,537	341,412	21,125
Treasury	789,667	789,667	659,265	130,402
Transfers Not Appropriated by Department	112,692	112,692	112,692	-
SUB-TOTAL OPERATING BUDGETS	1,164,204	1,279,053	1,126,820	152,233
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 1,164,204	$ 1,279,053	1,126,820	$ 152,233
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 138,470	

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - NON-APPROPRIATED CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 873,830	
Other Taxes			810,461	
Tuition and Fees			372,878	
Sales and Services			1,777,598	
Interest Earnings			556,562	
Other Revenues			3,984,245	
Transfers-In			6,774,673	
TOTAL REVENUES AND TRANSFERS-IN			15,150,247	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 2,364	$ 5,784	4,993	$ 791
Corrections	28,236	29,534	22,026	7,508
Education	4,419,722	4,409,622	4,397,073	12,549
Governor	451,355	457,532	203,381	254,151
Health Care Policy and Financing	20,434	22,621	5,561	17,060
Higher Education	1,930,198	1,991,007	1,798,606	192,401
Human Services	362,982	186,932	149,279	37,653
Judicial Branch	47,256	65,108	55,704	9,404
Labor and Employment	1,152,640	1,519,208	1,632,813	(113,605)
Law	25,166	25,524	7,525	17,999
Legislative Branch	16,619	16,619	3,377	13,242
Local Affairs	321,273	338,742	186,991	151,751
Military and Veterans Affairs	5,266	5,266	4,658	608
Natural Resources	862,399	879,732	407,965	471,767
Personnel & Administration	576,235	583,292	547,536	35,756
Public Health and Environment	99,782	170,340	36,706	133,634
Public Safety	263,352	263,666	130,077	133,589
Regulatory Agencies	20,202	20,694	1,219	19,475
Revenue	856,334	1,018,546	931,087	87,459
State	9,073	9,073	5,142	3,931
Transportation	4,378,526	4,379,001	1,278,367	3,100,634
Treasury	2,776,680	2,825,185	2,350,680	474,505
Budgets/Transfers Not Recorded by Department	93,264	118,665	118,691	(26)
SUB-TOTAL OPERATING BUDGETS	18,719,358	19,341,693	14,279,457	5,062,236
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	2,210	164	2,046
Corrections	-	8,133	5,065	3,068
Education	-	1,131	120	1,011
Governor	-	557	362	195
Higher Education	-	59,437	25,185	34,252
Human Services	2,211	23,722	2,959	20,763
Military and Veterans Affairs	-	638	34	604
Natural Resources	14,037	34,264	17,605	16,659
Personnel & Administration	-	14,496	4,013	10,483
Public Health and Environment	-	1,700	-	1,700
Public Safety	-	697	476	221
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	16,248	146,985	55,983	91,002
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 18,735,606	$ 19,488,678	14,335,440	$ 5,153,238
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 814,807	

SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/NET POSITION - BUDGETARY BASIS BUDGET AND ACTUAL - NON-APPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 9,037,994	
TOTAL REVENUES AND TRANSFERS-IN			9,037,994	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 3,910	$ 10,430	5,096	$ 5,334
Corrections	7,175	9,021	7,370	1,651
Education	619,446	1,622,588	1,133,893	488,695
Governor	83,702	1,869,959	1,342,068	527,891
Health Care Policy and Financing	313,105	469,304	366,809	102,495
Higher Education	925,900	1,284,495	272,623	1,011,872
Human Services	302,928	1,581,093	1,324,738	256,355
Judicial Branch	9,994	28,667	18,070	10,597
Labor and Employment	4,126,469	4,550,157	3,284,179	1,265,978
Law	2,354	2,389	1,800	589
Local Affairs	82,121	571,721	187,088	384,633
Military and Veterans Affairs	118,541	45,282	19,739	25,543
Natural Resources	26,748	102,244	50,177	52,067
Personnel & Administration	-	442	208	234
Public Health and Environment	317,478	674,001	284,143	389,858
Public Safety	70,080	555,079	129,433	425,646
Regulatory Agencies	1,323	181,654	3,849	177,805
Revenue	1,036	3,111	-	3,111
State	-	20,755	825	19,930
Transportation	621,467	1,248,979	603,070	645,909
Treasury	74,252	74,252	74,252	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	7,708,029	14,905,623	9,109,430	5,796,193
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 7,708,029	$ 14,905,623	9,109,430	$ 5,796,193
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ (71,436)	

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, 2020

	Fiscal Year 2020	Fiscal Year 2019	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	$ 8,032,399,506	$ 7,554,025,207	$ 478,374,299	6.3%
Sales and Use Tax, Net	3,406,516,314	3,399,519,069	6,997,245	0.2%
Corporate Income Tax, Net	670,434,333	855,706,743	(185,272,410)	-21.7%
Insurance Taxes	337,417,807	314,663,520	22,754,287	7.2%
Tobacco Products Tax, Net	56,910,411	54,840,609	2,069,802	3.8%
Alcoholic Beverages Tax, Net	50,069,739	48,304,172	1,765,567	3.7%
Interest and Investment Income	29,238,671	24,560,039	4,678,632	19.0%
Fiduciary Income Tax, Net	24,275,951	64,239,350	(39,963,399)	-62.2%
Court and Other Fines	10,172,014	25,517,610	(15,345,596)	-60.1%
Business Licenses and Permits	7,352,054	5,817,416	1,534,638	26.4%
General Government Service Fees	2,371,028	1,020,382	1,350,646	132.4%
Miscellaneous Revenue	2,014,974	1,559,959	455,015	29.2%
Gaming and Other Taxes	348,916	509,843	(160,927)	-31.6%
Welfare Service Fees	19,130	8,434	10,696	126.8%
Other Charges For Services	6,349	47,443	(41,094)	-86.6%
Public Safety Service Fees	-	55,650	(55,650)	-100.0%
TOTAL GENERAL-FUNDED REVENUES	12,629,547,197	12,350,395,446	279,151,751	2.3%
PROGRAM REVENUES				
Fuel and Transportation Taxes, Net	626,572,328	658,121,910	(31,549,582)	-4.8%
Motor Vehicle Registrations	274,372,225	280,349,502	(5,977,277)	-2.1%
Business Licenses and Permits	189,101,472	181,683,801	7,417,671	4.1%
Other Charges For Services	165,603,803	168,598,785	(2,994,982)	-1.8%
Court and Other Fines	161,582,265	178,205,261	(16,622,996)	-9.3%
Severance Taxes	116,842,809	241,727,089	(124,884,280)	-51.7%
Miscellaneous Revenue	89,106,173	54,481,376	34,624,797	63.6%
Interest and Investment Income	87,602,502	88,757,023	(1,154,521)	-1.3%
Health Service Fees	87,432,522	86,491,292	941,230	1.1%
General Government Service Fees	69,097,425	75,704,774	(6,607,349)	-8.7%
Gaming and Other Taxes	68,201,119	105,662,962	(37,461,843)	-35.5%
Rents and Royalties	60,701,670	64,951,667	(4,249,997)	-6.5%
Driver's Licenses	40,293,015	42,278,947	(1,985,932)	-4.7%
Employment Taxes	38,075,619	34,090,799	3,984,820	11.7%
Sales and Use Tax, Net	37,220,152	41,112,066	(3,891,914)	-9.5%
Nonbusiness Licenses and Permits	30,163,475	30,649,735	(486,260)	-1.6%
Certifications and Inspections	24,125,659	22,102,796	2,022,863	9.2%
Insurance Taxes	22,336,255	20,079,543	2,256,712	11.2%
Public Safety Service Fees	20,531,842	20,347,834	184,008	0.9%
Higher Education Auxiliary Sales and Services	10,495,912	3,935,786	6,560,126	166.7%
Local Governments and Authorities	10,489,500	24,220,711	(13,731,211)	-56.7%
Educational Fees	8,572,913	9,178,478	(605,565)	-6.6%
Welfare Service Fees	2,434,777	1,902,015	532,762	28.0%
Sales of Products	2,046,394	2,312,622	(266,228)	-11.5%
Alcoholic Beverages Tax, Net	830,922	819,571	11,351	1.4%
Other Excise Taxes, Net	374,075	257,238	116,837	45.4%
Tobacco Products Tax, Net	415	424	(9)	-2.1%
Estate and Inheritance Taxes	-	169	(169)	-100.0%
TOTAL PROGRAM REVENUES	2,244,207,238	2,438,024,176	(193,816,938)	-7.9%
TOTAL NONEXEMPT REVENUE	$ 14,873,754,435	$ 14,788,419,622	$ 85,334,813	0.6%

STATE OF COLORADO
SCHEDULE OF COMPUTATIONS REQUIRED
UNDER ARTICLE X, SECTION 20
AS OF JUNE 30, 2020

	FISCAL YEAR 2019	FISCAL YEAR 2020
COMPUTATION OF NONEXEMPT REVENUES		
Total State Expenditures	$ 47,709,288,359	$ 55,162,985,473
Less Exempt Enterprises Expenses:		
Higher Education Enterprises	9,765,775,281	10,047,487,619
Unemployment Compensation Section	384,654,531	4,767,292,851
Colorado Healthcare Affordability and Sustainability Enterprise	3,430,425,656	3,531,659,327
CollegeInvest	877,688,744	926,156,300
State Lottery	678,705,486	654,964,236
College Assist	542,600,604	554,338,534
Parks and Wildlife	217,788,580	208,898,106
Correctional Industries	68,448,600	56,530,274
State Nursing Homes	47,137,788	46,527,686
Petroleum Storage Tank Fund	37,604,936	35,304,621
Statewide Transportation Enterprise	20,515,850	23,618,477
Statewide Bridge Enterprise	12,605,239	14,731,470
Electronic Recording Technology Fund	2,565,594	4,349,354
Clean Screen Authority	2,940,192	3,608,601
Brand Board	3,982,694	3,020,702
Capitol Parking Authority	751,687	1,167,736
Front Range Waste Diversion Enterprise	-	84,895
Health Insurance Affordability Enterprise	-	8,000
Subtotal Enterprise Expenses	16,094,191,462	20,879,748,789
Total District Expenditures	31,615,096,897	34,283,236,684
Less Exempt District Revenues:		
Interfund Transfers	8,640,387,638	9,290,193,069
Federal Funds	6,681,094,966	7,868,739,443
Other Sources and Additions (Note 7)	1,492,961,744	1,573,852,250
Voter Approved Revenue Changes (Note 8)	1,112,149,036	1,143,007,792
Exempt Investment Income	238,472,414	283,817,453
Property Sales	161,928,058	185,838,027
Damage Awards	105,223,336	100,284,626
Gifts	181,128,109	77,822,991
Subtotal Exempt District Revenues	18,613,345,301	20,523,555,651
Nonexempt District Expenditures	13,001,751,596	13,759,681,033
District Reserve/Fund Balance Increase (Decrease)	1,358,332,520	1,196,691,779
Excess TABOR Revenues	428,335,506	(82,618,377)
Total Nonexempt District Revenues	$ 14,788,419,622	$ 14,873,754,435
COMPUTATION OF DISTRICT FUND BALANCE CHANGES		
Beginning District Fund Balance	$ 7,002,966,380	$ 8,751,906,735
Prior Period District Fund Balance Adjustments (Note 11)	(37,727,671)	(5,749,791)
(Qualification)/Disqualification of Enterprises (Note 14)	-	-
District Reserve/Fund Balance Increase (Decrease)	1,358,332,520	1,196,691,779
Retention of Revenues in Excess of the Limit C.R.S. 24-77-103.6(1)(a)	428,335,506	(82,618,377)
Ending District Fund Balance	$ 8,751,906,735	$ 9,860,230,346

FISCAL YEAR 2020 COMPUTATION OF SPENDING LIMITATIONS	FISCAL YEAR SPENDING	EXCESS STATE REVENUES CAP
FY 2019 Adjusted Limit	$ 11,759,345,200	$ 14,360,084,116
Allowable TABOR Growth Rate (Note 12)	4.1%	4.1%
FY 2020 Unadjusted Limit	$ 12,241,478,353	$ 14,948,847,565
Base Adjustment for Accounting Changes - Implementation of GASB 84 (Note 15)	7,525,247	7,525,247
FY 2020 Adjusted Limit	12,249,003,600	14,956,372,812
Less Fiscal Year 2020 Nonexempt District Revenues	(14,873,754,435)	(14,873,754,435)
Amount (Over)Under Adjusted Limit FY 2020	$ (2,624,750,835)	$ 82,618,377

Amounts remaining in excess of the limit to be refunded in future years (by fiscal year of excess revenue)	
FY 2015	$ 304,318
FY 2018	3,555,477
FY 2019	140,133,476
Total amount to be refunded in future years	$ 143,993,271
FY 2020 retention of revenues in excess of the limit (not refundable) C.R.S. 24-77-103.6(1)(b)	$ (2,624,750,835)

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 2011, 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 Section 24-77-102(16) C.R.S.:

(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,
- Front Range Waste Diversion Enterprise,
- Health Insurance Affordability 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 04-189 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 2005, and the remaining boards designated their institutions as enterprises in Fiscal Year 2006. 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 2020.

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 Section 24-30-202(5.5) C.R.S.

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 2020 totals $446.2 million.

At June 30, 2020, the net assets of the following funds were designated as the reserve, up to the limits set in the Long Appropriations Act (SB 19-207):

- Major Medical Fund – $70.0 million. Only $66.6 million of this fund’s balance was restricted since, at June 30, 2020 its net assets were less than $70.0 million. The assets restricted were net cash of $65.1 million and investments, excluding unrealized gains, of $1.5 million.

- Wildlife Cash Fund – $34.0 million.

- Perpetual base account of the Severance Tax Fund – $33.0 million.

- Colorado Water Conservation Board Construction Fund – $33.0 million.

- Controlled Maintenance Trust Fund – $96.0 million. Only $75.5 million of this fund's net assets were restricted, all of it cash, since at June 30, 2020 its net assets were less than $96.0 million. During the fiscal year, $23.0 million was transferred from the Controlled Maintenance Trust Fund to the Disaster Emergency Fund, under executive order D 2020 032, for response activities related to COVID-19.

- Unclaimed Property Tourism Promotion Trust Fund - $5.0 million.

Senate Bill 19-207 (2019 legislative session Long Appropriations Act) designated up to $178.6 million of State properties as the remainder of the Fiscal Year 2020 emergency reserve.

The estimate of the needed reserve was based on the revenue estimate prepared by Legislative Council in the spring of 2019. 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 $20.5 million 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 would have to be liquidated to meet the constitutional requirement.

NOTE 6. STATUS OF REFUNDING

There are three TABOR refund mechanisms in current state law – the property tax exemption reimbursement, the temporary income tax rate reduction and the six-tiered sales tax refund. A summary of each is noted below:

1. <u>Property tax exemption reimbursement</u> – with the enactment of Senate Bill 17-267, excess revenue is first refunded via reimbursements to local governments equal to the amount of property tax revenue they lose as a result of the property tax exemptions for seniors and disabled veterans. The amount refunded via this mechanism is the lesser of actual reimbursements or the total refund obligation in accordance with Section 39-3-209(2) C.R.S. If the amount of excess revenue is less than the amount required to reimburse local governments for property tax exemptions for seniors and disabled veterans, then only the portion of the reimbursement equal to the refund obligation is accounted as a TABOR refund. This portion is paid from General Fund revenue set aside in the year when the TABOR surplus was collected. This is considered an under-distribution and is carried forward until the reimbursement is paid. The remaining portion of the reimbursement is financed from revenue collected in the fiscal year when the reimbursement is paid.

2. <u>Temporary income tax rate reduction</u> – under Section 39-22-627 C.R.S., the temporary income tax rate reduction refunds revenue via a temporary reduction in the state income tax rate from 4.63 percent to 4.50 percent for individual and corporate income taxpayers. The income tax rate reduction is triggered if and only if the refund obligation exceeds the amount of the property tax reimbursement mechanism by at least the amount of the reduction in revenue expected to result

from the reduction in the income tax rate. When triggered, the income tax rate is reduced in the tax year following the fiscal year in which excess revenue is collected. If the refund obligation is less than the reduction in revenue expected to result from the reduction in the income tax rate, then the refund in excess of the property tax reimbursement mechanism is refunded via the third mechanism.

3. Six-tier sales tax refund mechanism – under Section 39-22-2001 through 2003 C.R.S., the six-tier sales tax refund refunds any excess amount outstanding after the payment of refunds via the property tax reimbursement mechanism and, if triggered, the temporary income tax rate reduction. Despite being called a sales tax refund, the refund appears on income tax forms as a means of returning sale tax revenue paid by individuals. The mechanism grants taxpayers a refund according to where their adjusted gross income falls among six adjusted gross income tiers. When the amount to be refunded via this mechanism is large enough to support at least $15 per taxpayer, the Department of Revenue is required to distribute the amount among the tiers as it was distributed for the sales tax refund in the tax year 1999. If the amount to be refunded is less than $15 per taxpayer, an equal refund is provided to each taxpayer regardless of income. Because the number of qualifying taxpayers and their adjusted gross incomes are estimates, the use of the second and third refund mechanisms can result in over or under distribution of the required refund throughout the four-year period allowed for amended tax returns.

Regardless of the refund mechanism, Section 24-77-103.8 C.R.S. 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 Section 24-77-103.7 C.R.S., 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 2020, the State had an outstanding TABOR refund liability of $431.7 million. During the fiscal year, $0.1 million was refunded from the Fiscal Year 2015 liability and $288.2 million from the Fiscal Year 2019 liability -- $140.8 million through the property tax reimbursement mechanism and $147.4 million through the income tax rate reduction mechanism. The Fiscal Year 2018 liability was refunded in its entirety in Fiscal Year 2019. During the year, revenue recognition errors of totaling $0.6 million were identified which increased refunds payable.

At June 30, 2020 the amount of refunds payable is $144.0 million. Since the Fiscal Year 2020 total nonexempt district revenues were below the excess State revenues cap, the remaining balance of excess TABOR revenues from prior years will be refunded in future years. (See Note 16 for more detail).

NOTE 7. OTHER SOURCES AND ADDITIONS

The $1,573.9 million reported in this line item primarily comprises: $470.2 million of pension and other employee benefit trust fund investment earnings and additions by the State and participants; $802.6 million of proceeds from the issuance of certificates of participation; $128.0 million of revenue to permanent funds and trusts; $60.4 million of local government expenditures recorded by the State as revenues and expenditures to meet grant matching-funds requirements; and $94.1 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, Section 25-8-501.1 C.R.S. – Regulation of Commercial Hog Facilities – which instituted a permit fee. The State collected $56,881 and $56,282 from this exempt source in Fiscal Year 2020 and Fiscal Year 2019, 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 $2.1 million and $2.2 million including interest and unrealized gains/losses from this revenue source in Fiscal Year 2020 and Fiscal Year 2019, 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 $655.9 million and $702.2 million of tax revenues, interest, operating transfers and unrealized gains/losses, as exclusions from fiscal year spending in Fiscal Year 2020 and Fiscal Year 2019, 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 $137.7 million and $135.9 million of tax revenues, interest, transfers, and unrealized gains/losses from this exempt source in Fiscal Year 2020 and Fiscal Year 2019, 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 $13.0 million and $20.2 million of extended limited gaming revenue in Fiscal Year 2020 and Fiscal Year 2019, 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 $88.5 million of state excise tax and $245.5 million of retail marijuana state sales tax revenues from these exempt sources in Fiscal Year 2020. In the prior fiscal year, the State recorded $58.9 million and $192.7 million respectively, from these two sources.

- In the 2019 statewide election, Colorado voters approved Proposition DD – a measure referred to the voters by the Legislature in HB 19-1327. The proposition allowed the State to tax the proceeds of sports betting activity and to use the revenue for implementing the State water plan and for other purposes. The State recorded $0.3 million from this revenue in Fiscal Year 2020.

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 2018 and permanently modified future year calculations of the amount over or under the ESRC. The revised ESRC in Fiscal Year 2018 set 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 2011. 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 2006, the State has retained $24,440.8 million -- $3.6 million during the initial five-year revenue retention period, and an additional $20,847.2 million due to the ESRC exceeding the Fiscal Year Spending limit in Fiscal Year 2011 through Fiscal Year 2020.

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

A prior period accounting change made by the Auraria Higher Education Center increased the District's net assets by $2.4 million. The change was required by GASB Statement No. 84, relating to the identification of fiduciary activities for accounting and reporting purposes.

A prior period adjustment made by the Department of Public Health and Environment decreased the District's net assets by $8.2 million in a write-down of various accounts receivable.

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 Section C.R.S. 24-77-102(8) C.R.S. 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 2018 Schedule of Computations is the index for the Denver-Aurora-Lakewood area.

The 4.1 percent allowable growth rate comprises a 1.4 percent increase for population growth (census date population for 2018 compared to census date population for 2017) and a 2.7 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 2020 there were no prior year revenue recognition errors that were large enough to impact the prior year base, therefore there were no adjustments to the Fiscal Year 2019 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 2020, there were no enterprise-status disqualifications or re-qualifications. Therefore, there were no adjustments necessary to either the fiscal year spending limit or the excess State revenues cap, or in the amount of the District's net assets.

NOTE 15. BASE ADJUSTMENT FOR ACCOUNTING CHANGES

In Fiscal Year 2020 the Auraria Higher Education Center (AHEC) implemented GASB Statement No. 84 which clarifies the classification of fiduciary activities for accounting and reporting purposes. During the year, AHEC recorded $7.5 million in revenue from student fees as nonexempt District revenue. Prior to GASB Statement No. 84, AHEC recorded such fees, in a fiduciary capacity, as a liability. The recording of revenue in Fiscal Year 2020 constitutes an accounting change.

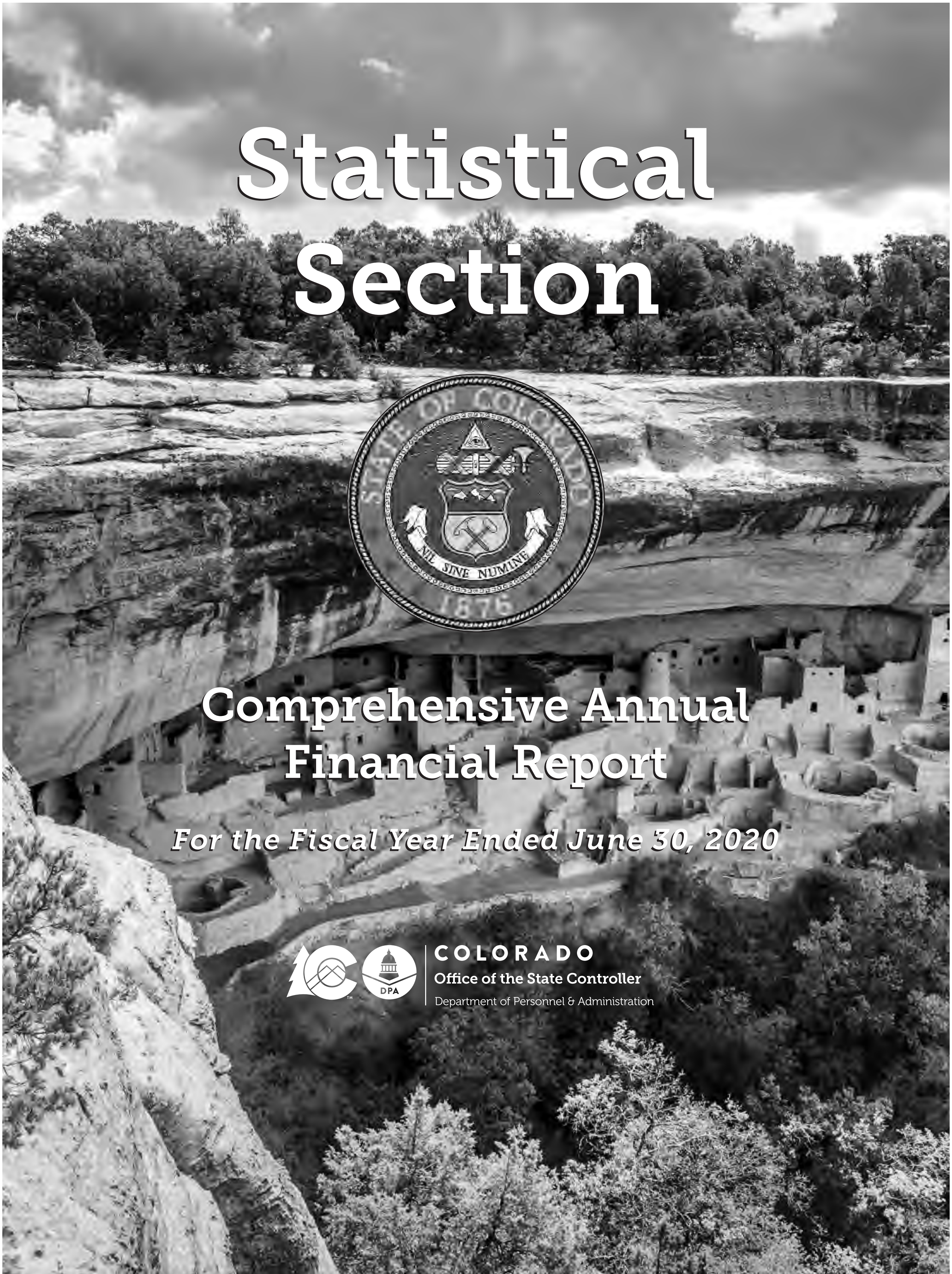
It is the State's policy that changes in accounting principles will have no effect upon the TABOR excess revenue calculation. Because nonexempt revenues increased $7.5 million due to the implementation GASB Statement No. 84, the Fiscal Year Spending Limit and ESRC were each also increased by this amount.

NOTE 16. TREATMENT OF AMOUNTS HELD FOR FUTURE REFUND

Section 24-77-103.5 C.R.S. requires that errors in the amount to be refunded be corrected in the year they are discovered. In Fiscal Year 2020, two State departments discovered revenue recognition errors from prior years affecting TABOR refunds from Fiscal Years 2018 and 2019. The effect of these errors increased the Fiscal Year 2018 refund payable by $0.6 million and reduced the payable for Fiscal Year 2019 by $30,276. At June 30, 2020 the amounts remaining in excess of the ESRC for Fiscal Years 2018 and 2019 were adjusted in total by $0.6 million to $3.6 million and $140.1 million respectively.

NOTE 17. FUTURE REFUNDS

Since Fiscal Year 2020 nonexempt District revenues were below the Excess State revenues cap by $82.6 million, only the prior year liabilities totaling $144.0 million discussed in Note 6, will be paid in Fiscal Year 2021 and future years.



Statistical Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2020

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$ 2,521,649	$ 3,658,234	$ 3,107,217	$ 2,567,219	$ 2,703,416	$ 2,696,950	$ 2,302,356	$ 2,549,620	$ 1,969,331	$ 1,548,435
Restricted Cash and Pooled Cash	611,626	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	8,460	3,497	1,726	45,548
Taxes Receivable, net	2,746,658	1,722,496	1,476,297	1,325,689	1,251,185	1,252,907	1,224,629	1,118,329	1,012,147	830,730
Other Receivables, net	609,665	708,209	654,761	717,660	572,655	450,805	210,062	189,937	156,126	147,768
Due From Other Governments	803,219	468,940	754,910	524,240	440,053	787,269	570,721	369,249	318,460	486,655
Internal Balances	179,643	43,557	38,459	26,262	28,967	28,022	19,336	23,801	15,964	18,620
Due From Component Units	-	19	18	154	347	135	54	119	137	62
Inventories	142,367	101,161	52,102	54,152	53,261	54,194	53,125	55,319	17,057	19,837
Prepaids, Advances and Deposits	544,537	90,371	84,277	72,047	67,468	67,917	73,025	57,465	53,961	56,543
Total Current Assets	8,159,364	6,792,987	6,168,041	5,287,423	5,117,352	5,338,199	4,461,768	4,367,336	3,544,909	3,154,198
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	1,810,813	1,742,791	1,589,926	1,493,996	1,923,920	2,140,729	2,554,938	1,798,432	1,779,413	1,635,476
Restricted Investments	1,212,311	1,098,543	847,587	867,572	732,662	761,140	657,772	598,209	591,083	1,097,797
Restricted Receivables	453,551	445,384	633,173	587,580	510,028	363,300	258,107	176,055	181,932	173,347
Investments	1,564,800	1,177,035	449,308	255,069	219,369	280,100	428,321	464,535	416,674	52,343
Other Long-Term Assets	771,885	758,544	613,249	614,932	675,809	636,260	686,349	740,735	712,736	761,498
Depreciable Capital Assets and Infrastructure, net	9,856,574	10,101,317	10,242,384	9,994,890	9,976,023	9,772,651	9,600,423	9,312,959	9,602,516	9,331,295
Land and Nondepreciable Capital Assets	2,739,690	2,121,606	1,914,285	2,041,812	1,851,910	1,968,227	1,931,832	2,170,769	1,903,604	1,780,945
Capital Assets Held as Investments	-	-	42,896	42,899	33,055	-	-	-	-	-
Total Noncurrent Assets	18,409,624	17,445,220	16,332,808	15,898,750	15,922,776	15,922,407	16,117,742	15,261,694	15,187,958	14,832,701
TOTAL ASSETS	26,568,988	24,238,207	22,500,849	21,186,173	21,040,128	21,260,606	20,579,510	19,629,030	18,732,867	17,986,899
DEFERRED OUTFLOW OF RESOURCES:	2,348,666	4,421,051	2,563,034	3,503,643	818,761	350,796	18,289	-	-	-
LIABILITIES:										
Current Liabilities:										
Tax Refunds Payable	951,302	927,857	918,688	886,992	856,076	669,992	718,211	718,077	661,829	625,145
Accounts Payable and Accrued Liabilities	1,428,804	1,318,548	1,369,262	1,165,137	1,166,681	1,367,263	1,043,961	742,225	677,471	785,496
TABOR Refund Liability (Note 2B)	143,993	431,685	39,837	21,807	31,358	173,346	706	706	706	706
Due To Other Governments	375,757	283,432	306,883	395,627	232,724	233,087	245,300	198,953	228,229	216,956
Due To Component Units	-	-	-	-	-	-	15	81	-	-
Unearned Revenue	1,291,503	150,512	185,677	126,307	123,769	100,467	92,674	95,026	125,174	111,506
Accrued Compensated Absences	15,719	14,097	12,758	11,865	11,522	12,185	10,470	10,955	9,859	9,741
Claims and Judgments Payable	46,660	42,298	42,812	46,369	46,343	47,682	61,623	46,873	44,858	44,641
Leases Payable	27,212	26,162	25,789	28,254	28,261	27,760	26,941	20,004	14,387	12,872
Notes, Bonds, and COPs Payable	70,565	50,865	55,515	46,990	171,835	200,975	187,910	174,340	162,670	145,165
Other Current Liabilities	23,647	31,020	22,837	27,678	29,525	19,052	19,979	14,834	16,531	13,748
Total Current Liabilities	4,375,162	3,276,476	2,980,058	2,757,026	2,698,094	2,851,809	2,407,790	2,022,074	1,941,714	1,965,976
Noncurrent Liabilities:										
Deposits Held In Custody For Others	598	584	136	116	90	139	139	17	16	14
Accrued Compensated Absences	197,457	166,680	162,645	158,435	154,510	149,817	145,992	138,413	132,394	137,139
Claims and Judgments Payable	151,757	168,190	180,865	260,535	276,010	299,785	301,591	323,451	330,516	340,003
Capital Lease Payable	92,610	97,438	106,084	113,899	122,404	144,569	148,055	131,006	107,042	94,716
Notes, Bonds, and COPs Payable	2,837,608	2,108,495	1,379,778	1,266,507	1,174,467	1,331,892	1,541,225	1,611,220	1,614,293	1,621,749
Net Pension Liability	7,804,791	9,377,357	11,933,852	10,919,603	6,295,004	5,565,526	-	-	-	-
Other Postemployment Benefits	233,180	284,264	272,038	-	-	-	-	-	-	-
Other Long-Term Liabilities	229,134	267,983	457,567	407,912	415,669	423,809	402,954	444,118	427,828	434,194
Total Noncurrent Liabilities	11,547,135	12,470,991	14,492,965	13,127,007	8,438,154	7,915,537	2,539,956	2,648,225	2,612,089	2,627,815
TOTAL LIABILITIES	15,922,297	15,747,467	17,473,023	15,884,033	11,136,248	10,767,346	4,947,746	4,670,299	4,553,803	4,593,791
DEFERRED INFLOW OF RESOURCES:	3,704,384	4,997,905	560,903	98,746	133,375	47,262	338	-	-	-
Net investment in Capital Assets:	9,648,006	10,327,956	10,879,491	14,071,021	11,330,474	10,654,690	10,125,644	10,107,082	10,107,432	9,836,378
Restricted for:										
Construction and Highway Maintenance	874,840	954,461	885,775	915,033	966,743	936,535	1,080,201	1,145,997	1,176,269	1,160,789
Education	194,060	203,648	295,468	107,012	309,957	766,688	1,110,180	1,265,476	280,269	485,171
Debt Service	115,664	104,011	91,950	79,966	68,105	56,534	44,752	33,113	21,453	10,127
Emergencies	208,095	191,245	201,166	194,369	217,328	217,328	153,150	161,350	72,850	85,400
Permanent Funds and Endowments:										
Expendable	8,936	10,651	8,267	7,643	5,801	7,301	7,271	6,328	6,024	8,017
Nonexpendable	1,419,630	1,291,071	1,087,000	1,020,225	950,976	896,872	800,132	694,564	684,953	641,802
Other Purposes	1,079,316	1,042,422	831,995	671,306	717,185	626,649	358,694	349,811	340,818	315,082
Unrestricted	(4,257,574)	(6,211,579)	(7,251,155)	(8,359,538)	(3,977,303)	(3,365,803)	1,969,691	1,195,010	1,488,996	850,342
TOTAL NET POSITION	$ 9,290,973	$ 7,913,886	$ 7,029,957	$ 8,707,037	$ 10,589,266	$ 10,796,794	$ 15,649,715	$ 14,958,731	$ 14,179,064	$ 13,393,108

GOVERNMENT-WIDE
SCHEDULE OF NET POSITION
BUSINESS-TYPE ACTIVITIES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$ 2,023,015	$ 1,841,335	$ 3,093,539	$ 2,846,015	$ 2,525,453	$ 2,454,684	$ 2,246,115	$ 2,169,314	$ 2,011,437	$ 1,306,800
Restricted Cash and Pooled Cash	391,766	-	-	-	-	-	-	-	-	-
Investments	1,926,752	344,755	1,827,559	549,079	392,188	378,115	254,744	281,822	160,099	273,605
Restricted Investments	123,303	-	-	-	-	-	-	-	-	-
Taxes Receivable, net	87,301	115,535	111,099	125,258	123,638	142,241	135,207	137,970	159,303	186,161
Other Receivables, net	783,784	770,415	601,666	490,427	640,664	430,306	408,364	381,351	330,216	302,042
Due From Other Governments	970,990	172,251	145,051	136,231	94,860	134,455	150,697	155,190	218,667	177,822
Internal Balances	(179,643)	(43,557)	(38,459)	(26,262)	(28,967)	(28,022)	(19,336)	(23,801)	(15,964)	(18,620)
Due From Component Units	26,385	28,175	16,174	23,041	18,188	11,370	23,716	18,969	18,715	19,736
Inventories	57,124	58,481	54,944	59,196	54,748	57,950	54,015	52,826	53,318	43,600
Prepaids, Advances and Deposits	37,686	41,567	29,020	31,679	28,756	28,186	37,433	24,806	24,160	18,018
Total Current Assets	6,248,463	3,328,957	5,840,593	4,234,664	3,849,528	3,609,285	3,290,955	3,198,447	2,959,951	2,309,164
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	511,559	1,562,065	284,025	241,268	457,926	499,742	429,965	352,234	372,457	409,652
Restricted Investments	172,683	72,895	106,798	95,280	167,540	246,783	303,678	292,283	293,711	98,146
Restricted Receivables	22,651	39,570	35,362	38,605	40,009	31,609	45,477	45,264	80,975	24,980
Investments	1,441,901	2,900,742	995,987	2,097,484	1,941,040	1,969,155	1,896,811	1,746,078	1,769,909	1,623,569
Other Long-Term Assets	123,685	109,831	130,529	129,350	129,425	129,850	99,380	128,105	114,118	122,939
Depreciable Capital Assets and Infrastructure, net	8,471,869	8,341,557	8,028,339	7,502,858	7,050,226	6,190,355	5,876,698	5,463,065	5,250,256	4,662,346
Land and Nondepreciable Capital Assets	2,349,747	1,952,976	1,843,135	1,921,788	1,652,441	1,788,595	1,370,142	1,229,761	1,019,556	938,544
Total Noncurrent Assets	13,094,095	14,979,636	11,424,175	12,026,633	11,438,607	10,856,089	10,022,151	9,256,790	8,900,982	7,880,176
TOTAL ASSETS	19,342,558	18,308,593	17,264,768	16,261,297	15,288,135	14,465,374	13,313,106	12,455,237	11,860,933	10,189,340
DEFERRED OUTFLOW OF RESOURCES:	534,121	931,725	1,750,279	2,332,443	649,853	348,635	118,103	551	5,005	-
LIABILITIES:										
Current Liabilities:										
Accounts Payable and Accrued Liabilities	705,641	697,916	592,545	786,944	771,248	751,169	659,085	602,571	623,458	556,294
Due To Other Governments	375,140	73,297	64,474	46,765	38,615	22,048	30,805	34,169	53,622	331,246
Due To Component Units	151	206	44	1,249	645	623	528	343	123	524
Unearned Revenue	770,398	351,010	345,734	328,261	306,222	407,108	346,264	305,108	237,530	234,662
Accrued Compensated Absences	28,747	27,340	26,203	25,381	22,761	20,960	18,117	16,609	14,942	14,579
Claims and Judgments Payable	1,273	1,581	-	-	-	-	-	-	-	-
Leases Payable	5,832	5,474	6,529	7,292	9,132	8,618	6,610	6,575	5,853	4,950
Notes, Bonds, and COPs Payable	179,765	196,235	154,053	146,604	267,134	251,947	244,366	233,811	243,601	79,106
Other Postemployment Benefits	16,448	-	-	-	-	-	14,076	17,052	15,721	-
Other Current Liabilities	813,537	323,850	191,660	134,584	139,765	125,054	127,033	142,868	110,667	141,484
Total Current Liabilities	2,896,932	1,676,909	1,381,242	1,477,080	1,555,522	1,587,527	1,446,884	1,359,106	1,305,517	1,362,845
Noncurrent Liabilities:										
Deposits Held In Custody For Others	25	25	20	20	20	-	-	-	-	-
Accrued Compensated Absences	397,622	350,352	339,007	317,070	293,365	268,600	250,148	236,329	219,026	205,621
Claims and Judgments Payable	45,168	42,390	35,505	37,361	39,657	41,460	40,982	38,993	36,472	35,373
Capital Lease Payable	29,813	31,928	41,623	42,599	47,994	45,663	35,582	35,153	33,185	43,466
Derivative Instrument Liability	46,864	14,193	6,837	9,251	13,222	9,515	8,566	8,333	12,994	6,182
Notes, Bonds, and COPs Payable	4,917,042	4,757,334	4,970,288	4,638,363	4,480,091	4,418,327	4,131,227	3,898,265	3,938,320	3,117,100
Due to Component Units	1,704	1,798	1,692	1,678	1,631	1,661	1,743	1,755	1,758	2,374
Net Pension Liability	3,570,647	4,237,019	7,448,575	6,934,505	3,957,073	3,579,748	-	-	-	-
Other Postemployment Benefits	835,859	1,015,792	938,450	343,570	289,133	241,779	181,511	177,176	139,653	105,876
Other Long-Term Liabilities	102,896	110,482	59,956	15,863	28,569	83,521	44,768	11,972	39,015	43,814
Total Noncurrent Liabilities	9,947,640	10,561,313	13,841,953	12,340,280	9,150,755	8,690,274	4,694,527	4,407,976	4,420,423	3,559,806
TOTAL LIABILITIES	12,844,572	12,238,222	15,223,195	13,817,360	10,706,277	10,277,801	6,141,411	5,767,082	5,725,940	4,922,651
DEFERRED INFLOW OF RESOURCES:	1,918,407	2,482,076	620,945	206,047	250,058	38,380	-	-	-	2,006
Net investment in Capital Assets:	5,923,907	5,618,074	5,108,898	6,982,288	5,051,345	4,417,947	3,653,265	3,571,408	3,386,411	2,990,094
Restricted for:										
Education	978,486	870,941	470,363	504,096	462,636	439,535	642,611	-	-	-
Unemployment Insurance	(18,877)	1,258,552	1,070,082	911,183	740,049	620,575	402,770	218,076	64,433	-
Debt Service	16,081	80,693	219,248	28,429	85,617	75,666	39,862	8,439	7,464	6,753
Emergencies	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	10,005	12,368
Permanent Funds and Endowments:										
Expendable	173,493	173,553	173,406	165,637	157,611	150,270	7,901	11,716	6,975	5,936
Nonexpendable	83,909	83,198	84,480	91,878	83,274	87,679	64,712	61,159	38,798	73,956
Other Purposes	34,528	118,895	65,961	65,961	101,209	88,686	56,296	631,921	629,655	657,292
Unrestricted	(2,111,827)	(3,717,886)	(4,055,531)	(4,213,139)	(1,734,088)	(1,416,530)	2,388,381	2,151,987	1,996,257	1,518,284
TOTAL NET POSITION	$ 5,113,700	$ 4,520,020	$ 3,170,907	$ 4,570,333	$ 4,981,653	$ 4,497,828	$ 7,289,798	$ 6,688,706	$ 6,139,998	$ 5,264,683

GOVERNMENT-WIDE
SCHEDULE OF NET POSITION
TOTAL PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$ 4,544,664	$ 5,499,569	$ 6,200,756	$ 5,413,234	$ 5,228,869	$ 5,151,634	$ 4,548,471	$ 4,718,934	$ 3,980,768	$ 2,855,235
Restricted Cash and Pooled Cash	1,003,392	-	-	-	-	-	-	-	-	-
Investments	1,926,752	344,755	1,827,559	549,079	392,188	378,115	263,204	285,319	161,825	319,153
Restricted Investments	123,303	-	-	-	-	-	-	-	-	-
Taxes Receivable, net	2,833,959	1,838,031	1,587,396	1,450,947	1,374,823	1,395,148	1,359,836	1,256,299	1,171,450	1,016,891
Other Receivables, net	1,393,449	1,478,624	1,256,427	1,208,087	1,213,319	881,111	618,426	571,288	486,342	449,810
Due From Other Governments	1,774,209	641,191	899,961	660,471	534,913	921,724	721,418	524,439	537,127	664,477
Due From Component Units	26,385	28,194	16,192	23,195	18,535	11,505	23,770	19,088	18,852	19,798
Inventories	199,491	159,642	107,046	113,348	108,009	112,144	107,140	108,145	70,375	63,437
Prepaids, Advances and Deposits	582,223	131,938	113,297	103,726	96,224	96,103	110,458	82,271	78,121	74,561
Total Current Assets	14,407,827	10,121,944	12,008,634	9,522,087	8,966,880	8,947,484	7,752,723	7,565,783	6,504,860	5,463,362
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	2,322,372	3,304,856	1,873,951	1,735,264	2,381,846	2,640,471	2,984,903	2,150,666	2,151,870	2,045,128
Restricted Investments	1,384,994	1,171,438	954,385	962,852	900,202	1,007,923	961,450	890,492	884,794	1,195,943
Restricted Receivables	476,202	484,954	668,535	626,185	550,037	394,909	303,584	221,319	262,907	198,327
Investments	3,006,701	4,077,777	1,445,295	2,352,553	2,160,409	2,249,255	2,325,132	2,210,613	2,186,583	1,675,912
Other Long-Term Assets	895,570	868,375	743,778	744,282	805,234	766,110	785,729	868,840	826,854	884,437
Depreciable Capital Assets and Infrastructure, net	18,328,443	18,442,874	18,270,723	17,497,748	17,026,249	15,963,006	15,477,121	14,776,024	14,852,772	13,993,641
Land and Nondepreciable Capital Assets	5,089,437	4,074,582	3,757,420	3,963,600	3,504,351	3,756,822	3,301,974	3,400,530	2,923,160	2,719,489
Capital Assets Held as Investments	-	-	42,896	42,899	33,055	-	-	-	-	-
Total Noncurrent Assets	31,503,719	32,424,856	27,756,983	27,925,383	27,361,383	26,778,496	26,139,893	24,518,484	24,088,940	22,712,877
TOTAL ASSETS	45,911,546	42,546,800	39,765,617	37,447,470	36,328,263	35,725,980	33,892,616	32,084,267	30,593,800	28,176,239
DEFERRED OUTFLOW OF RESOURCES:	2,882,787	5,352,776	4,313,313	5,836,086	1,468,614	699,431	136,392	551	5,005	-
LIABILITIES:										
Current Liabilities:										
Tax Refunds Payable	951,302	927,857	918,688	886,992	856,076	669,992	718,211	718,077	661,829	625,145
Accounts Payable and Accrued Liabilities	2,134,445	2,016,464	1,961,807	1,952,081	1,937,929	2,118,432	1,703,046	1,344,796	1,300,929	1,341,790
TABOR Refund Liability (Note 2B)	143,993	431,685	39,837	21,807	31,358	173,346	706	706	706	706
Due To Other Governments	750,897	356,729	371,357	442,392	271,339	255,135	276,105	233,122	281,851	548,202
Due To Component Units	151	206	44	1,249	645	623	543	424	123	524
Unearned Revenue	2,061,901	501,522	531,411	454,568	429,991	507,575	438,938	400,134	362,704	346,168
Accrued Compensated Absences	44,466	41,437	38,961	37,246	34,283	33,145	28,587	27,564	24,801	24,320
Claims and Judgments Payable	47,933	43,879	42,812	46,369	46,343	47,682	61,623	46,873	44,858	44,641
Leases Payable	33,044	31,636	32,318	35,546	37,393	36,378	33,551	26,579	20,240	17,822
Notes, Bonds, and COPs Payable	250,330	247,100	209,568	193,594	438,969	452,922	432,276	408,151	406,271	224,271
Other Postemployment Benefits	16,448	-	-	-	-	-	14,076	17,052	15,721	-
Other Current Liabilities	837,184	354,870	214,497	162,262	169,290	144,106	147,012	157,702	127,198	155,232
Total Current Liabilities	7,272,094	4,953,385	4,361,300	4,234,106	4,253,616	4,439,336	3,854,674	3,381,180	3,247,231	3,328,821
Noncurrent Liabilities:										
Due to Other Funds	-	-								
Deposits Held In Custody For Others	623	609	156	136	110	139	139	17	16	14
Accrued Compensated Absences	595,079	517,032	501,652	475,505	447,875	418,417	396,140	374,742	351,420	342,760
Claims and Judgments Payable	196,925	210,580	216,370	297,896	315,667	341,245	342,573	362,444	366,988	375,376
Capital Lease Payable	122,423	129,366	147,707	156,498	170,398	190,232	183,637	166,159	140,227	138,182
Derivative Instrument Liability	46,864	14,193	6,837	9,251	13,222	9,515	8,566	8,333	12,994	6,182
Notes, Bonds, and COPs Payable	7,754,650	6,865,829	6,350,066	5,904,870	5,654,558	5,750,219	5,672,452	5,509,485	5,552,613	4,738,849
Due to Component Units	1,704	1,798	1,692	1,678	1,631	1,661	1,743	1,755	1,758	2,374
Net Pension Liability	11,375,438	13,614,376	19,382,427	17,854,108	10,252,077	9,145,274	-	-	-	-
Other Postemployment Benefits	1,069,039	1,300,056	1,210,488	343,570	289,133	241,779	181,511	177,176	139,653	105,876
Other Long-Term Liabilities	332,030	378,465	517,523	423,775	444,238	507,330	447,722	456,090	466,843	478,008
Total Noncurrent Liabilities	21,494,775	23,032,304	28,334,918	25,467,287	17,588,909	16,605,811	7,234,483	7,056,201	7,032,512	6,187,621
TOTAL LIABILITIES	28,766,869	27,985,689	32,696,218	29,701,393	21,842,525	21,045,147	11,089,157	10,437,381	10,279,743	9,516,442
DEFERRED INFLOW OF RESOURCES:	5,622,791	7,479,981	1,181,848	304,793	383,433	85,642	338	-	-	2,006
Net investment in Capital Assets:	15,571,913	15,946,030	15,988,389	21,053,309	16,381,819	15,072,637	13,778,909	13,678,490	13,493,843	12,826,472
Restricted for:										
Construction and Highway Maintenance	874,840	954,461	885,775	915,033	966,743	936,535	1,080,201	1,145,997	1,176,269	1,160,789
Education	1,172,546	1,074,589	765,831	611,108	772,593	1,206,223	1,752,791	1,265,476	280,269	485,171
Unemployment Insurance	(18,877)	1,258,552	1,070,082	911,183	740,049	620,575	402,770	218,076	64,433	-
Debt Service	131,745	184,704	311,198	108,395	153,722	132,200	84,614	41,552	28,917	16,880
Emergencies	242,095	225,245	235,166	228,369	251,328	251,328	187,150	195,350	82,855	97,768
Permanent Funds and Endowments:										
Expendable	182,429	184,204	181,673	173,280	163,412	157,571	15,172	18,044	12,999	13,953
Nonexpendable	1,503,539	1,374,269	1,171,480	1,112,103	1,034,250	984,551	864,844	755,723	723,751	715,758
Other Purposes	1,113,844	1,161,317	897,956	737,267	818,394	715,335	414,990	981,732	970,473	972,374
Unrestricted	(6,369,401)	(9,929,465)	(11,306,686)	(12,572,677)	(5,711,391)	(4,782,333)	4,358,072	3,346,997	3,485,253	2,368,626
TOTAL NET POSITION	$ 14,404,673	$ 12,433,906	$ 10,200,864	$ 13,277,370	$ 15,570,919	$ 15,294,622	$ 22,939,513	$ 21,647,437	$ 20,319,062	$ 18,657,791

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 559,579	$ 559,093	$ 564,076	$ 541,936	$ 518,820	$ 501,319	$ 472,215	$ 447,232	$ 442,793	$ 454,633
Service Fees	406,363	390,589	358,109	1,006,976	1,139,226	879,139	901,839	965,614	901,950	735,820
Fines and Forfeits	190,399	225,878	190,733	206,662	195,256	201,021	181,098	248,520	187,344	200,432
Rents and Royalties	156,296	175,085	147,310	132,310	142,752	199,067	182,893	133,901	147,946	128,588
Sales of Products	16,763	10,042	3,218	3,205	3,303	3,390	2,141	2,851	1,626	4,974
Unemployment Surcharge	38,076	34,091	34,245	32,507	30,768	29,381	28,635	25,724	19,307	18,611
Other	187,856	211,706	152,285	138,928	143,251	131,151	144,949	127,083	84,828	89,509
Operating Grants and Contributions	7,788,096	6,822,479	6,627,757	8,149,334	8,578,146	7,726,668	6,782,914	5,860,052	5,884,031	6,218,836
Capital Grants and Contributions	617,224	428,332	745,497	814,739	819,321	817,469	728,544	700,548	600,300	659,288
TOTAL PROGRAM REVENUES	9,960,652	8,857,295	8,823,230	11,026,597	11,570,843	10,488,605	9,425,228	8,511,525	8,270,125	8,510,691
EXPENSES:										
General Government	1,214,677	1,493,871	739,872	653,247	485,611	449,261	447,359	555,507	224,382	192,579
Business, Community, and Consumer Affairs	713,827	734,786	912,495	919,676	777,458	711,558	641,182	584,300	600,068	667,929
Education	6,875,955	6,469,072	6,086,573	6,045,204	5,859,964	5,687,573	5,472,563	5,187,481	5,205,123	5,432,143
Health and Rehabilitation	836,872	935,044	1,258,445	1,170,889	2,898,841	822,556	720,997	697,795	703,684	696,539
Justice	1,734,902	1,970,515	3,254,155	2,974,666	2,209,158	2,075,534	1,840,989	1,655,057	1,555,294	1,538,363
Natural Resources	90,248	123,036	219,659	169,528	135,491	120,374	92,383	77,934	93,900	149,878
Social Assistance	9,430,179	8,589,168	8,810,715	10,489,419	8,825,599	9,627,104	8,089,560	7,174,711	6,746,574	6,397,426
Transportation	1,884,872	1,875,438	2,179,299	2,105,462	1,830,368	1,896,904	1,872,441	1,769,013	1,777,488	1,974,009
Total Governmental Activities										
Interest on Debt	103,339	109,075	60,778	58,764	62,021	59,078	53,094	16,284	40,935	32,487
TOTAL EXPENSES	22,884,871	22,300,005	23,521,991	24,586,855	23,084,511	21,449,942	19,230,568	17,718,082	16,947,448	17,081,353
NET (EXPENSE) REVENUE	(12,924,219)	(13,442,710)	(14,698,761)	(13,560,258)	(11,513,668)	(10,961,337)	(9,805,340)	(9,206,557)	(8,677,323)	(8,570,662)
GENERAL REVENUES AND										
OTHER CHANGES IN NET POSITION:										
Sales and Use Taxes	3,703,217	3,632,282	3,449,844	3,151,679	2,940,839	2,762,222	2,754,977	2,498,006	2,333,644	2,280,693
Excise Taxes	330,600	301,292	311,625	321,419	290,276	267,858	236,761	240,895	244,624	236,945
Individual Income Tax	8,037,272	7,505,245	6,978,833	6,291,376	6,061,679	5,847,141	5,285,634	5,154,624	4,653,105	4,151,119
Corporate Income Tax	638,303	963,380	714,313	432,802	643,761	613,316	600,002	606,883	434,885	441,778
Other Taxes	562,124	705,986	577,961	452,042	410,277	673,275	617,612	453,305	519,870	466,408
Restricted Taxes	1,271,553	1,348,050	1,273,482	1,169,457	1,132,687	1,186,515	1,052,692	1,039,105	965,784	928,260
Unrestricted Investment Earnings (Losses)	37,599	30,196	21,798	16,987	15,705	11,992	17,312	16,842	15,015	6,523
Other General Revenues	95,460	95,051	199,934	103,476	107,005	96,613	112,958	97,402	96,213	91,608
(Transfers- Out) / Transfers- In	(395,097)	(279,131)	(254,324)	(353,647)	(352,733)	(256,738)	(172,442)	(128,535)	(135,407)	(110,266)
Internal Capital Contributions	-	-	44	-	(1,583)	-	-	-	-	-
Permanent Fund Additions	580	1,062	277	766	80	401	397	741	595	460
TOTAL GENERAL REVENUES AND										
OTHER CHANGES IN NET POSITION:	14,281,611	14,303,413	13,273,787	11,586,357	11,247,993	11,202,595	10,505,903	9,979,268	9,128,328	8,493,528
TOTAL CHANGES IN NET POSITION	1,357,392	860,703	(1,424,974)	(1,973,901)	(265,675)	241,258	700,563	772,711	451,005	(77,134)
NET POSITION - BEGINNING	7,913,886	7,029,957	8,707,037	10,589,266	10,796,794	15,649,715	14,958,731	14,179,064	13,393,108	13,455,272
Prior Period Adjustment	19,695	23,226	8,583	91,672	58,147	(6,626)	1,718	6,956	334,951	14,970
Accounting Changes	-	-	(260,689)	-	-	(5,087,553)	(11,297)	-	-	-
NET POSITION, FISCAL YEAR BEGINNING (as restated)	7,933,581	7,053,183	8,454,931	10,680,938	10,854,941	10,555,536	14,949,152	14,186,020	13,728,059	13,470,242
NET POSITION - ENDING	$ 9,290,973	$ 7,913,886	$ 7,029,957	$ 8,707,037	$ 10,589,266	$ 10,796,794	$ 15,649,715	$ 14,958,731	$ 14,179,064	$ 13,393,108

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET POSITION
BUSINESS-TYPE ACTIVITIES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 205,044	$ 179,382	$ 168,045	$ 165,182	$ 159,704	$ 157,971	$ 141,770	$ 133,315	$ 131,496	$ 120,910
Service Fees	2,766,551	2,712,042	2,449,817	1,404,677	1,297,576	1,145,897	1,068,966	958,451	865,326	874,990
Education - Tuition, Fees, and Sales	3,483,570	3,484,740	3,404,969	3,239,887	3,005,967	2,881,240	2,672,136	2,512,026	2,406,696	2,243,375
Fines and Forfeits	3,648	3,493	4,630	5,769	4,101	3,968	15,470	12,860	9,561	1,945
Rents and Royalties	69,154	52,866	74,482	45,177	40,077	41,944	39,675	47,881	65,236	29,507
Sales of Products	722,152	747,732	686,196	622,179	661,084	605,101	607,744	636,115	624,407	592,794
Unemployment Surcharge	546,038	546,650	562,095	646,336	603,708	698,609	736,985	725,854	828,530	791,317
Other	243,765	207,087	164,008	188,112	165,237	155,707	154,424	159,162	152,448	153,321
Operating Grants and Contributions	8,374,699	5,119,323	5,082,655	2,556,915	2,449,163	2,281,931	2,569,038	2,730,519	3,165,718	3,689,492
Capital Grants and Contributions	123,273	62,609	89,542	43,873	42,996	78,304	56,899	96,655	132,067	25,432
TOTAL PROGRAM REVENUES	16,537,894	13,115,924	12,686,439	8,918,107	8,429,613	8,050,672	8,063,107	8,012,838	8,381,485	8,523,083
EXPENSES:										
Higher Education	6,993,311	7,111,041	8,612,196	7,829,889	6,446,902	6,004,484	5,618,507	5,258,665	5,068,481	4,755,385
Healthcare Affordability	3,515,207	3,414,018	3,294,611	-	-	-	-	-	-	-
Unemployment Insurance	4,765,139	385,192	444,181	518,891	531,607	530,130	756,484	1,055,148	1,571,321	2,141,728
Lottery	582,721	580,808	547,805	494,110	517,847	474,578	477,434	501,010	495,847	470,480
Parks and Wildlife	166,782	184,870	294,065	257,959	203,794	191,426	170,898	177,497	160,933	108,425
College Assist	201,200	222,726	247,361	315,478	320,774	338,631	341,684	407,229	403,023	402,648
Other Business- Type Activities	128,606	212,190	301,094	219,844	282,471	217,838	209,871	187,265	196,542	191,123
TOTAL EXPENSES	16,352,966	12,110,845	13,741,313	9,636,171	8,303,395	7,757,087	7,574,878	7,586,814	7,896,147	8,069,789
NET (EXPENSE) REVENUE	184,928	1,005,079	(1,054,874)	(718,064)	126,218	293,585	488,229	426,024	485,338	453,294
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Other Taxes	-	-	-	-	-	7	-	-	-	-
Special and/or Extraordinary Items	-	-	-	(808)	-	-	(22,186)	-	-	1,493
(Transfers- Out) / Transfers- In	395,097	279,131	254,324	353,647	352,733	256,738	172,442	128,535	135,407	110,266
Internal Capital Contributions	-	57,541	51,439	-	10,183	-	-	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	395,097	336,672	305,763	352,839	362,916	256,745	150,256	128,535	135,407	111,759
TOTAL CHANGES IN NET POSITION	580,025	1,341,751	(749,111)	(365,225)	489,134	550,330	638,485	554,559	620,745	565,053
NET POSITION - BEGINNING	4,520,020	3,170,907	4,570,333	4,981,653	4,497,828	7,289,798	6,688,706	6,139,998	5,264,683	4,746,480
Prior Period Adjustment	11,209	7,362	-	545	(5,309)	-	(6,922)	(5,851)	254,570	(46,850)
Accounting Changes	2,446	-	(650,315)	(46,640)	-	(3,342,300)	(30,471)	-	-	-
NET POSITION, FISCAL YEAR BEGINNING (as restated)	4,533,675	3,178,269	3,920,018	4,935,558	4,492,519	3,947,498	6,651,313	6,134,147	5,519,253	4,699,630
NET POSITION - ENDING	$ 5,113,700	$ 4,520,020	$ 3,170,907	$ 4,570,333	$ 4,981,653	$ 4,497,828	$ 7,289,798	$ 6,688,706	$ 6,139,998	$ 5,264,683

GOVERNMENT-WIDE
SCHEDULE OF CHANGES IN NET POSITION
TOTAL PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

Functions/Programs	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 764,623	$ 738,475	$ 732,121	$ 707,118	$ 678,524	$ 659,290	$ 613,985	$ 580,547	$ 574,289	$ 575,543
Service Fees	3,172,914	3,102,631	2,807,926	2,411,653	2,436,802	2,025,036	1,970,805	1,924,065	1,767,276	1,610,810
Education - Tuition, Fees, and Sales	3,483,570	3,484,740	3,404,969	3,239,887	3,005,967	2,881,240	2,672,136	2,512,026	2,406,696	2,243,375
Fines and Forfeits	194,047	229,371	195,363	212,431	199,357	204,989	196,568	261,380	196,905	202,377
Rents and Royalties	225,450	227,951	221,792	177,487	182,829	241,011	222,568	181,782	213,182	158,095
Sales of Products	738,915	757,774	689,414	625,384	664,387	608,491	609,885	638,966	626,033	597,768
Unemployment Surcharge	584,114	580,741	596,340	678,843	634,476	727,990	765,620	751,578	847,837	809,928
Other	431,621	418,793	316,293	327,040	308,488	286,858	299,373	286,245	237,276	242,830
Operating Grants and Contributions	16,162,795	11,941,802	11,710,412	10,706,249	11,027,309	10,008,599	9,351,952	8,590,571	9,049,749	9,908,328
Capital Grants and Contributions	740,497	490,941	835,039	858,612	862,317	895,773	785,443	797,203	732,367	684,720
TOTAL PROGRAM REVENUES	26,498,546	21,973,219	21,509,669	19,944,704	20,000,456	18,539,277	17,488,335	16,524,363	16,651,610	17,033,774
EXPENSES:										
General Government	1,214,677	1,493,871	739,872	653,247	485,611	449,261	447,359	555,507	224,382	192,579
Business, Community, and Consumer Affairs	713,827	734,786	912,495	919,676	777,458	711,558	641,182	584,300	600,068	667,929
Education	6,875,955	6,469,072	6,086,573	6,045,204	5,859,964	5,687,573	5,472,563	5,187,481	5,205,123	5,432,143
Health and Rehabilitation	836,872	935,044	1,258,445	1,170,889	2,898,841	822,556	720,997	697,795	703,684	696,539
Justice	1,734,902	1,970,515	3,254,155	2,974,666	2,209,158	2,075,534	1,840,989	1,655,057	1,555,294	1,538,363
Natural Resources	90,248	123,036	219,659	169,528	135,491	120,374	92,383	77,934	93,900	149,878
Social Assistance	9,430,179	8,589,168	8,810,715	10,489,419	8,825,599	9,627,104	8,089,560	7,174,711	6,746,574	6,397,426
Transportation	1,884,872	1,875,438	2,179,299	2,105,462	1,830,368	1,896,904	1,872,441	1,769,013	1,777,488	1,974,009
Interest on Debt	103,339	109,075	60,778	58,764	62,021	59,078	53,094	16,284	40,935	32,487
Higher Education	6,993,311	7,111,041	8,612,196	7,829,889	6,446,902	6,004,484	5,618,507	5,258,665	5,068,481	4,755,385
Healthcare Affordability	3,515,207	3,414,018	3,294,611	-	-	-	-	-	-	-
Unemployment Insurance	4,765,139	385,192	444,181	518,891	531,607	530,130	756,484	1,055,148	1,571,321	2,141,728
Lottery	582,721	580,808	547,805	494,110	517,847	474,578	477,434	501,010	495,847	470,480
Parks and Wildlife	166,782	184,870	294,065	257,959	203,794	191,426	170,898	177,497	160,933	108,425
College Assist	201,200	222,726	247,361	315,478	320,774	338,631	341,684	407,229	403,023	402,648
Other Business- Type Activities	128,606	212,190	301,094	219,844	282,471	217,838	209,871	187,265	196,542	191,123
TOTAL EXPENSES	39,237,837	34,410,850	37,263,304	34,223,026	31,387,906	29,207,029	26,805,446	25,304,896	24,843,595	25,151,142
NET (EXPENSE) REVENUE	(12,739,291)	(12,437,631)	(15,753,635)	(14,278,322)	(11,387,450)	(10,667,752)	(9,317,111)	(8,780,533)	(8,191,985)	(8,117,368)
GENERAL REVENUES AND										
OTHER CHANGES IN NET POSITION:										
Sales and Use Taxes	3,703,217	3,632,282	3,449,844	3,151,679	2,940,839	2,762,222	2,754,977	2,498,006	2,333,644	2,280,693
Excise Taxes	330,600	301,292	311,625	321,419	290,276	267,858	236,761	240,895	244,624	236,945
Individual Income Tax	8,037,272	7,505,245	6,978,833	6,291,376	6,061,679	5,847,141	5,285,634	5,154,624	4,653,105	4,151,119
Corporate Income Tax	638,303	963,380	714,313	432,802	643,761	613,316	600,002	606,883	434,885	441,778
Other Taxes	562,124	705,986	577,961	452,042	410,277	673,282	617,612	453,305	519,870	466,408
Restricted Taxes	1,271,553	1,348,050	1,273,482	1,169,457	1,132,687	1,186,515	1,052,692	1,039,105	965,784	928,260
Unrestricted Investment Earnings (Losses)	37,599	30,196	21,798	16,987	15,705	11,992	17,312	16,842	15,015	6,523
Other General Revenues	95,460	95,051	199,934	103,476	107,005	96,613	112,958	97,402	96,213	91,608
Special and/or Extraordinary Items	-	-	-	(808)	-	-	(22,186)	0	0	1,493
Internal Capital Contributions	-	57,541	51,483	-	8,600	-	-	-	-	-
Permanent Fund Additions	580	1,062	277	766	80	401	397	741	595	460
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	14,676,708	14,640,085	13,579,550	11,939,196	11,610,909	11,459,340	10,656,159	10,107,803	9,263,735	8,605,287
TOTAL CHANGES IN NET POSITION	1,937,417	2,202,454	(2,174,085)	(2,339,126)	223,459	791,588	1,339,048	1,327,270	1,071,750	487,919
NET POSITION - BEGINNING	12,433,906	10,200,864	13,277,370	15,570,919	15,294,622	22,939,513	21,647,437	20,319,062	18,657,791	18,201,752
Prior Period Adjustment	30,904	30,588	8,583	92,217	52,838	(6,626)	(5,204)	1,105	589,521	(31,880)
Accounting Changes	2,446	-	(911,004)	(46,640)	-	(8,429,853)	(41,768)	-	0	-
NET POSITION, FISCAL YEAR BEGINNING (as restated)	12,467,256	10,231,452	12,374,949	15,616,496	15,347,460	14,503,034	21,600,465	20,320,167	19,247,312	18,169,872
NET POSITION - ENDING	$ 14,404,673	$ 12,433,906	$ 10,200,864	$ 13,277,370	$ 15,570,919	$ 15,294,622	$ 22,939,513	$ 21,647,437	$ 20,319,062	$ 18,657,791

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011 [1]
REVENUES:										
Taxes	$ 14,616	$ 14,199	$ 13,389	$ 11,835	$ 11,471	$ 11,205	$ 10,596	$ 10,018	$ 9,182	$ 8,430
Less: Excess TABOR Revenues	-	-	-	-	-	170	-	-	-	-
Licenses, Permits, and Fines	832	869	940	838	810	801	758	789	724	745
Charges for Goods and Services	426	403	363	1,012	1,144	885	905	970	892	730
Rents	156	175	147	132	143	199	183	134	148	129
Investment Income	397	352	41	46	139	99	115	19	120	97
Federal Grants and Contracts	7,837	6,680	7,047	8,685	9,047	8,283	7,183	6,428	6,223	6,917
Unclaimed Property Receipts	55	47	78	64	65	61	53	37	43	40
Other	354	426	397	338	321	329	365	263	254	221
TOTAL REVENUES	24,673	23,151	22,402	22,950	23,140	22,032	20,158	18,658	17,586	17,309
EXPENDITURES:										
Current:										
General Government	401	377	381	344	324	305	331	325	359	560
Business, Community and Consumer Affairs	526	493	480	453	474	469	395	375	363	388
Education	982	911	832	869	852	785	730	674	661	778
Health and Rehabilitation	911	846	778	770	1,784	699	658	641	626	592
Justice	2,103	1,971	1,808	1,705	1,741	1,648	1,605	1,422	1,322	1,314
Natural Resources	131	129	128	113	107	103	107	99	90	132
Social Assistance	8,345	7,539	7,572	9,358	8,726	8,627	7,416	6,488	6,065	5,655
Transportation	1,555	1,298	1,348	1,364	1,331	1,282	1,203	1,065	982	1,064
Capital Outlay	418	265	272	189	191	325	298	299	459	329
Intergovernmental:										
Cities	523	503	471	491	425	421	412	297	287	300
Counties	1,751	1,916	1,759	1,740	1,656	1,627	1,573	1,504	1,371	1,478
School Districts	5,961	5,594	5,171	5,122	4,995	4,909	4,475	4,235	4,199	4,303
Other	451	410	244	255	227	205	202	323	177	185
Debt Service	163	179	128	239	280	270	261	247	236	208
TOTAL EXPENDITURES	24,221	22,431	21,372	23,012	23,113	21,675	19,666	17,994	17,197	17,286
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	452	720	1,030	(62)	27	357	492	664	389	23
OTHER FINANCING SOURCES (USES)										
Transfers-In	1,702	1,813	5,447	5,851	4,915	4,535	5,405	5,750	4,622	4,776
Transfers-Out:										
Higher Education	(284)	(376)	(230)	(230)	(181)	(181)	(143)	(135)	(133)	(135)
Other	(1,811)	(1,711)	(5,458)	(5,966)	(5,079)	(4,607)	(5,390)	(5,728)	(4,612)	(4,731)
Face Amount of Debt Issued	666	740	156	129	11	-	97	196	156	218
Bond Premium/Discount	137	57	21	14	-	-	6	9	13	-
Capital Lease Debt Issuance	1	1	4	1	-	-	25	1	17	17
Sale of Capital Assets	55	24	10	15	7	3	27	31	14	-
Insurance Recoveries	3	2	7	8	5	13	2	1	6	2
Debt Refunding Issuance	-	-	-	-	-	-	112	31	126	-
Debt Refunding Premium Proceeds	-	-	-	-	-	-	-	-	19	
Debt Refunding Payments	-	-	-	-	-	-	-	(31)	(144)	-
TOTAL OTHER FINANCING SOURCES (USES)	469	550	(43)	(178)	(322)	(237)	141	125	84	147
NET CHANGE IN FUND BALANCE	921	1,270	987	(240)	(295)	120	633	789	473	170
FUND BALANCE - BEGINNING	8,579	7,349	6,364	6,609	6,847	6,734	6,100	5,293	4,842	4,085
Prior Period Adjustments	(8)	(40)	(2)	(5)	58	(7)	-	18	(22)	(4)
Accounting Changes	-	-	-	-	-	-	1	-	-	591
FUND BALANCE, FISCAL YEAR BEGINNING (as restated)	8,571	7,309	6,362	6,604	6,905	6,727	6,101	5,311	4,820	4,672
FUND BALANCE - ENDING	$ 9,492	$ 8,579	$ 7,349	$ 6,364	$ 6,609	$ 6,847	$ 6,734	$ 6,100	$ 5,293	$ 4,842

[1] - Beginning in Fiscal Year 2011 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.

GENERAL PURPOSE REVENUE (AFTER TABOR REFUNDS)
GENERAL FUND
IN DOLLARS AND AS A PERCENT OF TOTAL
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Income Tax:										
Individual	$ 8,056	$ 7,328	$ 7,006	$ 6,209	$ 5,993	$ 5,888	$ 5,273	$ 5,149	$ 4,633	$ 4,154
Corporate	670	856	736	467	606	635	665	597	457	366
Net Income Tax	8,726	8,184	7,742	$ 6,676	6,599	6,523	5,938	5,746	5,090	4,520
Sales, Use, and Excise Taxes	3,759	3,695	3,501	3,188	2,996	2,990	2,763	2,549	2,387	2,323
Less: Excess TABOR Revenues	-	-	-	-	-	(170)	-	-	-	-
Net Sales, Use, and Excise Taxes	3,759	3,695	3,501	3,188	2,996	2,820	2,763	2,549	2,387	2,323
Estate Taxes	-	-	-	-	-	-	-	-	-	-
Insurance Tax	337	315	304	291	280	257	239	210	197	190
Gaming and Other Taxes	40	53	156	-	16	14	12	12	20	20
Investment Income	31	27	20	15	13	9	15	17	14	8
Severence Taxes to be Refunded	-	-	-	54	-	-	-	-	-	-
Other	-	-	-	40	26	19	25	21	26	25
TOTAL GENERAL REVENUES	$ 12,893	$ 12,274	$ 11,723	$ 10,264	$ 9,930	$ 9,642	$ 8,992	$ 8,555	$ 7,734	$ 7,086
Percent Change From Previous Year	5.0%	4.7%	14.2%	3.4%	3.0%	7.2%	5.1%	10.6%	9.1%	9.8%
(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)										
Net Income Tax	67.7%	66.7%	66.0%	65.0%	66.5%	66.5%	66.0%	67.2%	65.8%	63.8%
Sales, Use, and Excise Taxes	29.2	30.1	29.9	31.2	30.1	30.5	30.7	29.8	30.9	32.7
Estate Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance Tax	2.6	2.6	2.6	2.8	2.8	2.6	2.7	2.5	2.5	2.7
Other Taxes	0.3	0.4	1.3	0.0	0.2	0.1	0.1	0.1	0.3	0.3
Interest	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.1
Fiscal Emergency Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Severence Taxes to be Refunded	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.4	0.3	0.2	0.3	0.2	0.3	0.4
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%	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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Department:[1]										
Agriculture	$ 12,018	$ 11,346	$ 10,428	$ 10,639	$ 10,050	$ 8,633	$ 7,697	$ 6,975	$ 5,152	$ 4,658
Corrections	876,905	837,497	773,788	748,559	758,545	717,579	675,706	652,394	647,313	657,559
Education	4,412,459	4,114,576	4,070,889	3,764,298	3,477,785	3,357,324	3,153,609	3,014,681	2,833,433	2,962,954
Governor	45,321	42,375	36,283	39,615	34,609	30,267	22,819	18,555	9,699	11,600
Health Care Policy and Financing	3,021,536	2,923,196	2,727,717	2,468,392	2,446,338	2,274,875	2,100,771	1,829,776	1,685,679	1,267,889
Higher Education	1,110,841	1,001,121	894,450	870,664	856,849	761,306	658,901	628,565	623,963	705,085
Human Services	1,088,434	1,055,818	984,291	918,130	936,071	877,162	812,603	753,225	703,676	710,966
Judicial Branch	597,673	561,799	514,874	487,636	481,550	441,700	386,870	354,119	337,039	325,173
Labor and Employment	24,341	20,539	21,302	21,579	7,754	660	50	-	-	-
Law	17,553	16,396	15,722	14,774	14,525	13,457	12,127	10,355	9,341	9,313
Legislative Branch	54,052	51,082	48,202	44,880	43,410	41,132	38,712	35,957	34,672	31,736
Local Affairs	46,290	37,125	29,184	25,235	25,481	22,244	17,540	10,976	10,448	10,579
Military and Veterans Affairs	10,924	10,983	30,814	8,253	7,907	7,792	7,094	6,576	5,355	4,969
Natural Resources	34,282	32,307	30,882	28,711	27,519	26,216	25,141	23,620	23,400	26,233
Personnel & Administration	16,229	13,971	12,088	12,273	11,034	7,601	31,407	6,588	3,935	4,823
Public Health and Environment	60,841	53,492	46,506	48,448	49,964	59,383	53,588	31,199	27,742	27,165
Public Safety	163,721	185,018	124,204	122,404	113,976	126,747	165,240	85,595	81,993	80,239
Regulatory Agencies	2,334	6,224	5,964	5,742	6,073	6,007	1,730	1,674	1,597	1,529
Revenue	327,633	260,583	250,438	90,957	149,361	97,249	73,626	55,078	55,596	52,540
Transportation	-	-	-	392	102	-	-	-	-	-
Treasury	660,126	774,821	190,457	15,908	12,522	5,684	108,870	27,650	4,914	4,140
Transfer to Capital Construction Fund	112,692	90,382	92,084	84,484	271,130	248,502	186,715	61,411	49,298	11,985
Transfer to Various Cash Funds	361,300	814,200	674,900	194,735	90,196	67,555	260,272	1,086,051	72,000	296,872
Transfer to the Highway Users Tax Fund	-	-	-	79,000	199,200	-	-	-	-	-
Other Transfers and Nonoperating Disbursements	25,125	278,999	181,151	153,379	143,492	127,795	126,263	262,406	25,479	19,422
TOTALS	$13,082,630	$ 13,193,850	$ 11,766,618	$10,259,087	$ 10,175,443	$ 9,326,870	$ 8,927,351	$ 8,963,426	$ 7,251,724	$ 7,227,429
Percent Change	-0.8%	12.1%	14.7%	0.8%	9.1%	4.5%	-0.4%	23.6%	0.3%	6.9%

(AS PERCENT OF TOTAL)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Education	33.7%	31.2%	34.6%	36.7%	34.2%	36.0%	35.3%	33.6%	39.1%	41.0%
Health Care Policy and Financing	23.1	22.2	23.2	24.1	24.0	24.4	23.5	20.4	23.2	17.5
Higher Education	8.5	7.6	7.6	8.5	8.4	8.2	7.4	7.0	8.6	9.8
Human Services	8.3	8.0	8.4	8.9	9.2	9.4	9.1	8.4	9.7	9.8
Corrections	6.7	6.3	6.6	7.3	7.5	7.7	7.6	7.3	8.9	9.1
Transfer to Capital Construction Fund	0.9	0.7	0.8	0.8	2.7	2.7	2.1	0.7	0.7	0.2
Transfer to Various Cash Funds	2.8	6.2	5.7	1.9	0.9	0.7	2.9	12.1	1.0	4.1
Transfers to the Highway Users Tax Fund	0.0	0.0	0.0	0.8	2.0	0.0	0.0	0.0	0.0	0.0
Judicial	4.6	4.3	4.4	4.8	4.7	4.7	4.3	4.0	4.6	4.5
Revenue	2.5	2.0	2.1	0.9	1.5	1.0	0.8	0.6	0.8	0.7
All Others	8.9	11.5	6.6	5.3	4.9	5.2	7.0	5.9	3.4	3.3
TOTALS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	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.

FUND BALANCE
GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011[1]
GENERAL:										
Nonspendable:										
Inventories	14,343	9,944	7,975	8,503	7,522	8,894	8,721	9,931	6,942	8,742
Prepaids	69,432	38,547	38,173	39,348	37,977	40,971	38,535	22,654	24,175	33,009
Restricted	823,528	814,658	626,068	442,249	497,814	398,948	468,758	487,161	503,449	542,997
Committed	616,483	1,114,406	970,235	646,700	513,986	705,844	411,362	279,352	331,419	39,458
Assigned	35,241	33,264	29,641	17,218	19,283	20,731	7,651	7	20	109
Unassigned	842,567	52,088	334,660	-	-	-	-	-	359,421	(21,468)
TOTAL FUND BALANCE	2,401,594	2,062,907	2,006,752	1,154,018	1,076,582	1,175,388	935,027	799,105	1,225,426	602,847
FEDERAL SPECIAL REVENUE:										
Restricted	21,350	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCE	21,350	-	-	-	-	-	-	-	-	-
HIGHWAY USERS TAX:										
Nonspendable:										
Long-term Portion of Interfund Loans Receivable	-	-	-	-	30	-	-	-	-	-
Inventories	20,946	18,012	8,281	9,334	8,860	8,377	7,673	8,249	8,406	9,390
Prepaids	5,032	3,717	3,729	679	1,252	1,908	1,481	4,210	64	55
Restricted	900,962	961,284	882,113	917,778	975,001	942,510	1,080,201	1,145,997	1,176,269	1,160,789
Committed	51,413	59,641	58,076	52,929	46,278	35,765	41,017	39,087	38,254	32,779
TOTAL FUND BALANCE	978,353	1,042,654	952,199	980,720	1,031,421	988,560	1,130,372	1,197,543	1,222,993	1,203,013
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable:										
Long-term Portion of Interfund Loans Receivable	-	13	12	-	19,141	-	-	-	-	-
Inventories	105,795	72,311	35,171	35,445	36,166	36,059	36,008	36,013	284	449
Permanent Fund Principal	1,398,247	1,274,846	1,186,138	1,122,480	1,043,619	971,676	868,383	760,160	737,239	658,883
Prepaids	35,781	39,324	38,387	27,007	24,046	23,941	27,884	28,487	28,601	21,485
Restricted	558,485	503,018	516,128	418,847	607,618	1,000,463	1,466,516	1,637,012	497,221	827,299
Committed	3,992,116	3,583,836	2,614,577	2,624,986	2,770,832	2,650,703	2,269,885	1,641,899	1,581,143	1,527,996
TOTAL FUND BALANCE	6,090,424	5,473,348	4,390,413	4,228,765	4,501,422	4,682,842	4,668,676	4,103,571	2,844,488	3,036,112
TOTAL FUND BALANCE	$ 9,491,721	$ 8,578,909	$ 7,349,364	$ 6,363,503	$ 6,609,425	$ 6,846,790	$ 6,734,075	$ 6,100,219	$ 5,292,907	$ 4,841,972

1 - The implementation of Governmental Accounting Standards Board Statement No. 54 in Fiscal Year 2011 resulted in a significant change in the State's

TABOR REVENUES, EXPENDITURES, FISCAL YEAR SPENDING LIMITATIONS, AND REFUNDS
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
DISTRICT REVENUES:										
Exempt District Revenues	$ 20,523,556	$ 18,613,345	$ 17,388,665	$ 17,784,588	$ 18,170,415	$ 16,980,420	$ 17,076,305	$ 16,446,833	$ 15,017,772	$ 15,532,632
Nonexempt District Revenues	14,873,754	14,788,420	13,720,881	12,891,657	12,824,408	12,530,772	11,691,905	11,107,341	10,273,184	9,424,764
TOTAL DISTRICT REVENUES	35,397,310	33,401,765	31,109,546	30,676,245	30,994,823	29,511,192	28,768,210	27,554,174	25,290,956	24,957,396
Percent Change In Nonexempt District Revenues	0.6%	7.8%	6.4%	0.5%	2.3%	7.2%	5.3%	8.1%	9.0%	10.0%
DISTRICT EXPENDITURES:										
Exempt District Expenditures	20,523,556	18,613,345	17,388,666	17,784,588	18,170,415	16,980,420	17,076,305	16,446,833	15,017,772	15,532,632
Nonexempt District Expenditures	13,759,681	13,001,752	12,852,870	13,251,437	13,076,457	12,237,753	11,016,588	10,263,972	9,791,616	9,330,892
TOTAL DISTRICT EXPENDITURES	34,283,237	31,615,097	30,241,536	31,036,025	31,246,872	29,218,173	28,092,893	26,710,805	24,809,388	24,863,524
Percent Change In Nonexempt District Expenditures	5.8%	1.2%	-3.0%	1.3%	6.9%	11.1%	7.3%	4.8%	4.9%	8.0%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ 1,114,073	$ 1,786,668	$ 868,010	$ (359,780)	$ (252,049)	$ 293,019	$ 675,317	$ 843,369	$ 481,568	$ 93,872
FISCAL YEAR SPENDING LIMIT										
Prior Fiscal Year Spending Limitation	$ 11,759,345	$ 11,220,749	$ 10,761,667	$ 10,427,606	$ 9,976,946	$ 9,566,586	$ 9,247,466	$ 8,799,754	$ 8,654,192	$ 8,567,941
Adjustments To Prior Year Limit[1]	-	-	(24,108)	10,480	(45,595)	(962)	(152)	(27,952)	(26,982)	(16,368)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	11,759,345	11,220,749	10,737,559	10,438,086	9,931,351	9,565,624	9,247,314	8,771,802	8,627,210	8,551,573
Allowable Growth Rate (Population Plus Inflation)	4.1%	4.8%	4.5%	3.1%	4.4%	4.3%	3.3%	5.4%	2.0%	1.2%
Current Fiscal Year Spending Limitation	12,241,478	11,759,345	11,220,749	10,761,667	10,368,330	9,976,946	9,552,475	9,245,479	8,799,754	8,654,192
Adjustments To Current Year Limit	7,525	-	-	-	59,276	0	14,111	1,987	-	-
ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION	12,249,003	11,759,345	11,220,749	10,761,667	10,427,606	9,976,946	9,566,586	9,247,466	8,799,754	8,654,192
EXCESS STATE REVENUE CAP (ESRC)[2]	14,956,372	14,360,084	13,702,371	13,327,811	12,946,499	12,361,032	11,852,383	11,460,242	10,871,425	10,684,856
NONEXEMPT DISTRICT REVENUES	14,873,754	14,788,420	13,720,881	12,891,657	12,824,408	12,530,772	11,691,905	11,107,341	10,273,184	9,424,764
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	2,624,751	3,029,075	2,500,132	2,129,990	2,396,802	2,553,826	2,125,319	1,859,875	1,473,430	770,572
Amount Over(Under) Excess State Revenue Cap	(82,618)	428,336	18,510	(436,154)	(122,091)	169,740	(160,478)	(352,901)	(598,242)	(1,260,092)
Correction Of Prior Years' Refunds	575	3,207	-	(346)	(13,899)	-	-	-	-	-
FISCAL YEAR REFUND	$ -	$ 431,685	$ 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 2011, 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.

DEBT SERVICE EXPENDITURES
ALL GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
DEBT SERVICE EXPENDITURES:										
Principal	$ 61,201	$ 85,722	$ 62,203	$ 177,925	$ 210,390	$ 194,818	$ 184,106	$ 163,939	$ 150,690	$ 124,993
Interest	102,291	94,654	65,566	60,781	69,729	74,689	77,005	82,660	85,586	82,829
TOTAL DEBT SERVICE EXPENDITURES	$ 163,492	$ 180,376	$ 127,769	$ 238,706	$ 280,119	$ 269,507	$ 261,111	$ 246,599	$ 236,276	$ 207,822
Percent Change Over Previous Year	-9.4%	41.2%	-46.5%	-14.8%	3.9%	3.2%	5.9%	4.4%	13.7%	7.1%
TOTAL NONCAPITAL EXPENDITURES	22,859,536	21,394,396	20,293,035	21,788,949	22,034,812	20,480,883	19,001,514	17,329,054	16,470,142	16,654,138
TOTAL CAPITAL EXPENDITURES	1,361,585	1,036,687	1,079,152	1,222,662	1,078,383	1,194,596	664,762	653,157	726,501	631,546
TOTAL GOVERNMENTAL EXPENDITURES	24,221,121	22,431,083	21,372,187	23,011,611	23,113,195	21,675,479	19,666,276	17,982,211	17,196,643	17,285,684
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:										
Principal	0.3%	0.4%	0.3%	0.8%	1.0%	1.0%	1.0%	0.9%	0.9%	0.8%
Interest	0.4%	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.5%	0.5%	0.5%
Total Debt Service Expenditures	0.7%	0.8%	0.6%	1.1%	1.3%	1.3%	1.4%	1.4%	1.4%	1.2%

TOTAL OUTSTANDING DEBT[1,2,3]
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental Activities:										
Revenue Backed Debt	$ -	$ -	$ -	$ -	$ 127,925	$ 289,789	$ 443,881	$ 574,147	$ 739,138	$ 869,282
Certificates of Participation	2,903,588	2,152,555	1,426,314	1,302,382	1,205,172	1,227,828	1,267,869	1,192,193	1,018,456	897,632
Capital Leases	119,822	123,600	131,873	142,153	150,665	172,329	174,996	151,010	121,429	107,588
Notes and Mortgages	4,585	6,805	8,979	11,115	13,205	15,250	17,385	19,220	19,369	-
TOTAL GOVERNMENTAL OUTSTANDING DEBT	3,027,995	2,282,960	1,567,166	1,455,650	1,496,967	1,705,196	1,904,131	1,936,570	1,898,392	1,874,502
Business-Type Activities:										
Revenue Backed Debt	4,637,188	4,452,563	4,602,833	4,391,057	4,320,596	4,242,726	3,967,023	3,724,951	3,753,617	2,762,166
Certificates of Participation	393,248	433,021	461,461	346,769	372,661	399,231	403,761	403,603	420,951	430,537
Capital Leases	35,645	37,402	48,152	49,891	57,126	54,281	42,192	41,728	39,038	48,416
Notes and Mortgages	66,371	67,985	60,047	61,396	53,968	28,317	4,810	3,522	7,353	3,503
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	5,132,452	4,990,971	5,172,493	4,849,113	4,804,351	4,724,555	4,417,786	4,173,804	4,220,959	3,244,622
Total Primary Government:										
Revenue Backed Debt	4,637,188	4,452,563	4,602,833	4,391,057	4,448,521	4,532,515	4,410,904	4,299,098	4,492,755	3,631,448
Certificates of Participation	3,296,836	2,585,576	1,887,775	1,649,151	1,577,833	1,627,059	1,671,630	1,595,796	1,439,407	1,328,169
Capital Leases	155,467	161,002	180,025	192,044	207,791	226,610	217,188	192,738	160,467	156,004
Notes and Mortgages	70,956	74,790	69,026	72,511	67,173	43,567	22,195	22,742	26,722	3,503
TOTAL OUTSTANDING DEBT[1]	$ 8,160,447	$ 7,273,931	$ 6,739,659	$ 6,304,763	$6,301,318	$ 6,429,751	$ 6,321,917	$ 6,110,374	$ 6,119,351	$ 5,119,124
Percent Change Over Previous Year	12.2%	7.9%	6.9%	0.1%	-2.0%	1.7%	3.5%	-0.1%	19.5%	-0.8%
Colorado Population (In Thousands) Restated for Census	5,759	5,772	5,691	5,612	5,539	5,451	5,350	5,271	5,186	5,118
Per Capita Debt (Dollars Per Person) Restated for Census	$1,417	$1,260	$1,184	$1,123	$1,138	$1,180	$1,182	$1,159	$1,180	$1,000
Per Capita Income (Thousands Per Person)	$61.3	$59.0	$58.5	$55.4	$52.3	$52.1	$50.7	$47.2	$45.6	$43.0
Per Capita Debt as a Percent of Per Capita Income	2.3%	2.1%	2.0%	2.0%	2.2%	2.3%	2.3%	2.5%	2.6%	2.3%

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 - Beginning in Fiscal Year 2014 debt liabilities are not offset by unamortized refunding gains or losses. With GASB Statement No. 65, these balances became deferred inflows and or outflows.

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			Coverage
				Principal	Interest	Total	
Governmental Funds: Transportation Revenue Anticipation Notes (TRANs)							
2020	$ -	$ -	$ -	$ -	$ -	$ -	0.00
2019	-	-	-	-	-	-	0.00
2018	-	-	-	-	-	-	0.00
2017	-	-	-	-	-	-	0.00
2016	1,566,285	1,437,505	128,780	126,100	2,680	128,780	1.00
2015	1,358,950	1,191,461	167,489	157,220	10,269	167,489	1.00
2014	1,240,588	1,073,259	167,329	147,225	20,104	167,329	1.00
2013	1,204,153	1,037,025	167,128	132,105	35,023	167,128	1.00
2012	1,105,452	938,787	166,665	125,265	41,400	166,665	1.00
2011	1,162,586	994,596	167,990	119,385	48,605	167,990	1.00
Enterprise Funds (Excluding Higher Education): State Fair, CollegeInvest, Statewide Bridge Enterprise, and Unemployment Insurance [2]							
2020	$ 112,362	$ -	$ 112,362	$ -	$ 17,699	$ 17,699	6.35
2019	111,674	-	111,674	-	18,234	18,234	6.12
2018	106,022	-	106,022	-	18,234	18,234	5.81
2017	109,927	-	109,927	-	18,234	18,234	6.03
2016	231,775	-	231,775	124,965	20,546	145,511	1.59
2015	363,612	-	363,612	249,925	24,857	274,782	1.32
2014	486,250	-	486,250	374,885	30,620	405,505	1.20
2013	608,493	-	608,493	499,845	40,965	540,810	1.13
2012	240,822	-	240,822	-	18,234	18,234	13.21
2011	74,280	-	74,280	-	8,408	8,408	8.83
Higher Education Institutions							
2020	$ 2,425,323	$ 673,165	$ 1,752,158	$ 186,477	$ 155,530	$ 342,007	5.12
2019	2,419,403	685,793	1,733,610	132,929	159,090	292,019	5.94
2018	2,290,836	643,503	1,647,333	127,378	161,525	288,903	5.70
2017	2,170,616	618,649	1,551,967	117,118	160,835	277,953	5.58
2016	1,984,082	455,553	1,528,529	103,957	157,999	261,956	5.84
2015	1,250,735	579,200	671,535	107,878	152,923	260,801	2.57
2014	1,170,939	557,627	613,312	94,581	138,121	232,702	2.64
2013	1,122,003	537,630	584,373	80,330	131,356	211,686	2.76
2012	1,093,528	507,761	585,767	69,992	114,914	184,906	3.17
2011	1,025,079	487,781	537,298	64,345	110,488	174,833	3.07

1 Pledged revenues supporting the Governmental Funds TRANs include primarily federal grants under agreement with the Federal Highway Administration (FHWA). Before Fiscal Year 2010, 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 2010 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 2010, neither CollegeInvest nor State Fair had any outstanding revenue bonds requiring pledged revenues amount to be reported. In Fiscal Year 2012, Unemployment Insurance issued revenue bonds requiring pledged revenues.

COLORADO DEMOGRAPHIC DATA
Last Ten Fiscal Years

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 %
2020 est	5,814	1.76%	$ 371.1	$ 63,834	107.6%	2,895	6.6%
Revised 2019	5,759	1.75	353.1	61,314	108.5	3,062	2.8
Revised 2018	5,691	1.74	332.9	58,500	107.1	2,983	3.2
Revised 2017	5,612	1.73	310.8	55,374	106.2	2,903	2.8
Revised 2016	5,539	1.72	289.6	52,278	104.5	2,797	3.3
Revised 2015	5,451	1.70	284.2	52,147	106.3	2,715	3.9
Revised 2014	5,350	1.68	271.3	50,711	107.7	2,662	5.0
2013	5,271	1.67	249.0	47,236	105.3	2,578	6.9
2012	5,186	1.65	236.7	45,637	102.3	2,540	7.9
2011	5,118	1.64	219.9	42,955	101.0	2,507	8.4

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
Last Ten Fiscal Years
(AMOUNTS IN THOUSANDS)

Industry	2020 est	Revised 2019	Revised 2018	Revised 2017	Revised 2016	Revised 2015	Revised 2014	Revised 2013	Revised 2012	Revised 2011
Natural Resources and Mining	28.7	28.6	28.3	25.9	23.7	30.7	34.1	30.6	30.3	27.9
Construction	180.5	177.5	172.3	163.7	155.3	148.8	142.2	127.5	115.8	112.5
Manufacturing	151.3	149.9	147.6	144.3	142.7	141.0	136.6	132.8	130.9	128.1
Transportation, Trade, and Utilities	482.0	475.7	469.8	461.3	453.9	445.7	432.7	420.1	409.5	401.6
Information	75.0	75.5	74.9	71.9	71.9	70.7	70.3	69.9	69.8	71.4
Financial Activities	174.7	173.0	170.5	168.1	163.9	159.0	153.9	151.0	146.7	143.9
Professional and Business Services	453.1	441.4	425.6	412.8	405.7	398.4	386.6	372.6	356.9	341.5
Educational and Health Services	352.7	347.1	340.6	334.1	325.8	313.3	298.0	285.9	281.8	272.9
Leisure and Hospitality	347.1	343.7	339.9	333.2	323.6	312.8	300.4	289.4	279.7	271.4
Other Services	114.4	112.7	110.8	108.6	107.3	104.2	100.9	97.7	96.0	93.7
Government	456.9	451.3	445.0	436.7	428.1	416.5	407.9	403.2	394.3	392.4
Total	2,816.4	2,776.4	2,725.3	2,660.6	2,601.9	2,541.1	2,463.6	2,380.7	2,311.7	2,257.3

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
2020 est	$ 9,927	$ 6,400	$ 2,800	$ 19,127
Revised 2019	9,542	4,700	2,800	17,042
Revised 2018	11,726	8,014	4,391	24,131
Revised 2017	10,362	6,166	2,935	19,463
Revised 2016	10,179	6,000	2,706	18,884
Revised 2015	8,659	4,991	3,036	16,686
Revised 2014	7,566	4,351	2,439	14,355
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

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
2020 est	$ 104.10	$ 8.91
Revised 2019	101.60	8.72
Revised 2018	96.70	8.30
Revised 2017	91.70	8.25
Revised 2016	87.20	7.62
Revised 2015	83.40	8.92
Revised 2014	79.50	9.18
Revised 2013	74.10	8.61
2012	70.70	8.35
2011	66.70	8.49

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]

	2020	2019	2018	2017	2016
GOVERNMENTAL ACTIVITIES:					
General Government:					
Funds	901	883	874	848	815
Employees (calculated Average Employment)	79,974	78,213	76,578	74,252	72,483
Balance in Treasury Pool (in millions)	$9,358.1	$9,055.2	$7,763.2	$6,852.0	$7,413.7
Business, Community, and Consumer Affairs:					
Professional Licenses at Regulatory Agencies	949,632	865,914	853,163	829,350	813,639
Unemployment Rate (percent) [4]	6.7	2.8	3.3	2.7	3.2
Employment Level [4]	2,880,890	3,101,412	2,994,752	2,911,079	2,803,436
Education:					
Public Schools	1,864	1,861	1,889	1,833	1,853
Primary School Students	0	913,223	911,536	910,280	905,018
Health and Rehabilitation:					
Average Daily Population of Mental Health Institutes [3]	709	595	581	543	545
Average Daily Population of Regional Centers [3]	235	246	261	260	266
Justice:					
District Court Cases Filed [3]	233,682	216,437	218,413	225,438	216,970
County Court Cases Filed [3]	413,894	Not available	412,714	425,947	430,398
Inmate Admissions	Not available	Not available	9,972	8,851	9,912
Inmate Releases	Not available	Not available	9,947	9,844	10,269
Average Daily Inmate Population	Not available	Not available	20,003	20,000	20,179
Citations Issued by the State Patrol	Not available	136,086	138,772	141,949	145,181
Crashes Covered by the State Patrol	Not available	29,767	28,964	30,264	30,542
Natural Resources:					
Active Oil and Gas Wells [3]	52,500	55,000	54,400	54,600	52,600
Oil and Gas Drilling Permits [3]	7,000	6,200	4,460	4,620	3,725
Annual State Park Visitors [3]	16,100,000	14,300,000	14,400,000	14,800,000	12,300,000
Water Loans	328	326	318	328	312
Social Assistance:					
Medicaid Recipients [3]	1,292,797	1,350,445	1,420,267	1,385,945	1,289,795
Monthly Cases for Cash Assistance & Subsidy Payments [3]	Not available	Not available	Not available	Not available	Not available
Transportation:					
Lane Miles	Not Available	Not available	23,026,130	23,053,073	22,984,731
Bridges	3,467	3,461	3,451	3,455	3,427
BUSINESS-TYPE ACTIVITIES:					
Higher-Education:					
Resident Students [3]	143,856	147,705	146,138	142,180	145,769
Nonresident Students [3]	38,218	37,952	32,884	32,884	30,869
Unemployment Insurance:					
Individuals Served - Employment and Training [3]	493,731	366,130	360,911	425,253	469,274
Initial Unemployment Claims [3]	504,839	101,599	107,471	129,887	152,658
Lottery:					
Scratch Tickets Sold	89,295,642	85,738,142	83,746,578	84,041,528	87,433,955
Lotto Tickets Sold	16,791,434	28,034,842	28,462,945	30,609,106	27,422,320
Powerball Tickets Sold	20,647,247	35,073,981	36,013,750	29,860,519	47,427,269
Other Lottery Tickets Sold	50,733,691	67,466,124	56,312,662	54,533,766	29,682,863
Wildlife:					
Hunting & Fishing Licenses Sold [3]	1,800,000	1,700,000	1,700,000	1,700,000	1,600,000
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 actuals.
Source: JBC Budget in Brief and Various State Agencies' Self-Reported Statistical Information.

	2015	2014	2013	2012	2011
	719	638	634	626	616
	72,369	70,823	68,898	67,871	66,691
	$7,683.2	$7,047.8	$7,106.9	$6,546.6	$6,076.2
	789,643	750,306	729,328	705,205	703,695
	3.9	5.0	6.9	7.9	8.4
	2,719,500	2,662,404	2,577,556	2,539,941	2,507,265
	1,836	1,824	1,823	1,806	1,786
	899,112	889,006	876,999	863,561	854,265
	545	486	489	501	511
	272	288	305	302	307
	231,188	289,965	247,696	238,766	190,531
	446,255	493,341	505,234	541,439	562,185
	9,912	9,620	9,597	9,116	9,935
	10,269	10,506	10,506	10,657	10,161
	20,678	20,478	20,551	22,009	22,814
	140,943	138,661	124,654	137,546	149,015
	29,572	28,292	26,600	22,324	24,878
	52,300	50,350	47,916	45,300	45,500
	4,333	4,300	5,100	4,800	5,250
	11,699,543	11,556,388	12,461,261	12,651,919	12,463,495
	294	289	277	281	288
	1,003,612	809,452	687,473	613,148	553,407
	63,646	65,208	65,208	66,472	63,742
	23,018,184	23,018,184	23,021,500	23,023,800	23,023,720
	3,439	3,443	3,438	3,447	3,447
	150,073	155,748	159,206	160,944	160,160
	29,305	28,580	27,536	26,934	26,225
	553,258	552,303	636,977	585,724	615,548
	157,161	199,007	228,634	302,418	389,769
	89,637,387	89,961,317	94,109,256	99,988,581	98,545,733
	29,837,628	33,809,181	32,561,865	33,276,914	39,257,585
	29,581,783	35,134,907	67,690,312	64,285,665	70,047,258
	50,521,072	56,956,625	47,690,502	65,916,303	50,464,834
	2,300,000	2,300,000	2,315,000	2,333,000	1,380,000
	-	-	-	-	61,076
	-	-	-	-	4,961

AVERAGE COUNT OF STATE EMPLOYEES BY FUNCTION
AND AVERAGE MONTHLY EMPLOYEE SALARY
Last Ten Fiscal Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government	3,437	3,340	3,320	3,238	3,102	3,005	3,092	2,958	3,042	2,991
Business, Community, and Consumer Affairs	2,696	2,723	2,741	2,756	2,451	2,441	2,482	2,420	2,404	2,458
Education	48,469	47,297	45,884	43,762	42,494	42,767	41,501	40,218	39,097	38,038
Health and Rehabilitation	4,232	4,117	4,147	4,122	4,023	4,007	3,990	3,931	3,953	3,965
Justice	14,601	14,380	14,192	14,076	13,974	13,760	13,416	13,123	13,149	13,093
Natural Resources	1,678	1,626	1,611	1,619	1,623	1,599	1,579	1,586	1,597	1,579
Social Assistance	1,794	1,711	1,672	1,661	1,810	1,766	1,731	1,633	1,605	1,579
Transportation	3,067	3,019	3,011	3,018	3,006	3,024	3,032	3,029	3,024	2,988
TOTAL AVERAGE EMPLOYMENT	79,974	78,213	76,578	74,252	72,483	72,369	70,823	68,898	67,871	66,691
TOTAL CLASSIFIED	30,777	30,999	31,133	31,159	31,102	31,246	31,284	31,504	32,449	32,927
AVERAGE MONTHLY SALARY	$ 5,049	$ 4,826	$ 4,650	$ 4,554	$ 4,539	$ 4,502	$ 4,391	$ 4,283	$ 4,314	$ 4,324
TOTAL NON-CLASSIFIED	49,197	47,214	45,445	43,093	41,381	41,123	39,539	37,394	35,422	33,764
AVERAGE MONTHLY SALARY	$ 7,384	$ 7,181	$ 6,980	$ 6,872	$ 6,691	$ 6,306	$ 6,140	$ 5,953	$ 5,840	$ 5,786

- 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.

COLORADO STATE HIGHWAY SYSTEM
CENTERLINE AND LANE MILES
LAST TEN FISCAL YEARS

Mileage Type	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
CenterLine Miles[1]										
Urban	1,500	1,502	1,510	1,510	1,523	1,523	1,385	1,385	1,385	1,389
Rural	7,575	7,575	7,578	7,578	7,580	7,580	7,718	7,720	7,720	7,720
TOTAL CENTERLINE MILES	9,075	9,077	9,088	9,088	9,103	9,103	9,103	9,105	9,105	9,109
Percent Change	0.0%	-0.1%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%
Lane Miles[2]										
Urban	5,803	5,789	5,808	5,742	5,771	5,771	5,326	5,330	5,330	5,327
Rural	17,251	17,237	17,245	17,242	17,247	17,247	17,688	17,694	17,693	17,654
TOTAL LANE MILES	23,054	23,026	23,053	22,984	23,018	23,018	23,014	23,024	23,023	22,981
Percent Change	0.1%	-0.1%	0.3%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	-0.3%
Roadways[3]										
Percent Rated Good/Fair	Unavailable	80	79	79	79	79	79	47	48	48
Percent Rated Poor	Unavailable	20	21	21	21	21	21	53	52	52
TOTAL PERCENTAGE	0	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
LAST TEN FISCAL YEARS

Functional Classification	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Principal Arterial[1]	1,408	1,404	1,387	1,390	1,372	1,377	1,114	1,294	1,303	1,299
Other Principal Arterial	927	924	932	931	930	930	1,199	793	791	785
Minor Arterial	669	668	670	670	666	667	667	747	749	752
Collector	375	377	383	387	383	390	391	443	442	446
Local	88	88	79	77	76	75	72	161	162	165
TOTAL BRIDGES	3,467	3,461	3,451	3,455	3,427	3,439	3,443	3,438	3,447	3,447
Percent Change	0.2%	0.3%	-0.1%	0.8%	-0.3%	-0.1%	0.1%	-0.3%	0.0%	0.0%
Percent Rated Poor[2]	6.27	6.32	4.42	4.90	5.60	5.60	5.70	5.90	3.60	5.53

[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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
GOVERNMENTAL ACTIVITIES:										
General Government	4,221,513	3,732,465	3,975,641	4,110,351	4,091,577	3,630,949	3,898,443	3,449,893	3,197,325	3,069,547
Business, Community, and Consumer Affairs[1]	1,277,114	1,278,223	1,253,288	1,253,288	1,117,563	1,260,223	1,462,694	1,091,423	980,198	980,198
Education	322,484	322,484	322,484	322,484	322,484	322,484	327,394	327,394	327,394	326,602
Health and Rehabilitation	1,453,385	1,463,209	1,463,209	1,463,129	1,443,140	1,439,483	1,371,986	1,407,882	1,522,278	1,476,587
Justice	8,815,718	8,880,526	8,852,530	8,763,302	8,743,419	8,633,069	8,797,346	8,170,861	8,428,687	8,404,174
Natural Resources	865,529	915,362	788,919	775,567	754,116	677,422	454,150	457,366	321,373	1,729,810
Social Assistance	1,799,516	1,833,377	1,834,497	1,834,815	1,828,335	1,821,873	1,794,333	1,791,521	1,787,266	1,836,385
Transportation	3,681,410	4,445,286	4,057,721	3,450,675	3,652,382	3,589,835	3,373,967	3,362,781	3,278,758	3,207,047
BUSINESS-TYPE ACTIVITIES:										
Higher Education	56,459,587	56,142,470	55,616,419	55,858,696	54,075,080	52,070,593	50,215,173	49,016,072	48,013,242	47,701,898
Parks and Wildlife	1,998,305	1,926,202	2,887,423	2,811,609	2,811,609	2,811,609	2,811,609	2,811,609	2,811,609	1,131,841
TOTAL	80,894,561	80,939,604	81,052,131	80,643,916	78,839,705	76,257,540	74,507,095	71,886,802	70,668,130	69,864,089

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
GOVERNMENTAL ACTIVITIES:										
General Government	164,104	162,801	175,427	153,470	153,470	161,533	169,970	200,900	226,201	210,576
Business, Community, and Consumer Affairs[1]	612,459	632,311	635,899	640,803	623,742	597,583	604,185	597,182	575,591	585,944
Education	54,037	56,831	54,765	58,819	53,827	51,749	47,926	47,645	39,804	31,999
Health and Rehabilitation	508,207	478,241	470,748	477,717	473,440	498,721	475,010	473,230	465,649	458,959
Justice	617,670	567,155	473,032	525,493	453,320	343,665	412,286	310,551	321,920	463,506
Natural Resources	80,107	77,831	79,055	78,909	74,016	75,134	91,162	78,937	73,375	81,926
Social Assistance	103,706	103,706	96,465	99,256	99,256	110,867	74,451	61,001	51,404	56,881
BUSINESS-TYPE ACTIVITIES:										
Higher Education	1,506,511	1,506,925	1,436,583	1,404,972	1,309,490	1,303,315	1,613,516	1,530,285	1,536,160	1,358,597
CollegeInvest	9,126	9,126	9,126	9,164	9,597	9,642	11,397	11,397	7,517	8,544
Lottery	67,327	67,327	67,327	67,327	67,327	71,104	71,104	71,104	74,104	66,684
Parks and Wildlife	22,969	23,635	70,058	83,036	76,448	76,448	76,448	76,448	79,112	73,064
College Assist	9,126	9,126	9,126	9,396	10,164	10,246	8,825	8,825	8,825	10,139
TOTAL	3,755,349	3,695,015	3,577,611	3,608,362	3,404,097	3,310,007	3,656,280	3,467,505	3,459,662	3,406,819

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

COLORADO

Office of the State Controller

Department of Personnel & Administration

State of COLORADO

Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

COLORADO
Office of the State Controller
Department of Personnel & Administration
1525 Sherman St., 5th Floor
Denver, CO 80203

September 20, 2021

The Honorable Jared Polis
Governor
State of Colorado

The Honorable Alec Garnett
Speaker of the House
Colorado General Assembly

The Honorable Leroy Garcia
President of the Senate
Colorado General Assembly

Dear Sirs:

The attached Basic Financial Statements for the State of Colorado for the fiscal year ended June 30, 2021 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:

- **Discretely Presented 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 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.

All items noted above are part of the State's Annual Comprehensive Financial Report which is expected to be published in January 2022. If you have questions, please feel free to contact me.

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

CC: Kerri L. Hunter, 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, 2021

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STATEMENT OF NET POSITION
JUNE 30, 2021

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 11,027,388	$ 2,640,547	$ 13,667,935
Restricted Cash and Pooled Cash	128,954	-	128,954
Investments	-	2,256,748	2,256,748
Taxes Receivable, net	1,739,314	125,713	1,865,027
Other Receivables, net	663,417	833,231	1,496,648
Due From Other Governments	1,626,017	2,535,920	4,161,937
Internal Balances	49,047	(49,047)	-
Due From Component Units	-	24,857	24,857
Inventories	252,853	50,406	303,259
Prepaids, Advances and Deposits	122,230	37,461	159,691
Total Current Assets	15,609,220	8,455,836	24,065,056
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	3,159,848	201,449	3,361,297
Restricted Investments	1,326,799	136,190	1,462,989
Restricted Receivables	323,485	20,808	344,293
Investments	158,487	2,125,004	2,283,491
Other Long-Term Assets	763,849	114,217	878,066
Depreciable Capital Assets and Infrastructure, net	10,059,189	9,043,876	19,103,065
Land and Nondepreciable Capital Assets	3,005,913	2,195,349	5,201,262
Total Noncurrent Assets	18,797,570	13,836,893	32,634,463
TOTAL ASSETS	34,406,790	22,292,729	56,699,519
DEFERRED OUTFLOW OF RESOURCES:	1,654,895	909,377	2,564,272
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	1,154,442	-	1,154,442
Accounts Payable and Accrued Liabilities	1,742,620	722,774	2,465,394
TABOR Refund Liability (Note 2B)	471,381	-	471,381
Due To Other Governments	379,074	1,693,848	2,072,922
Due To Component Units	-	240	240
Unearned Revenue	4,505,422	395,644	4,901,066
Accrued Compensated Absences	15,331	31,583	46,914
Claims and Judgments Payable	45,135	819	45,954
Leases Payable	30,538	6,192	36,730
Notes, Bonds, and COPs Payable	110,285	104,291	214,576
Other Postemployment Benefits	-	14,753	14,753
Other Current Liabilities	24,245	2,813,504	2,837,749
Total Current Liabilities	8,478,473	5,783,648	14,262,121
Noncurrent Liabilities:			
Deposits Held In Custody For Others	1,779	25	1,804
Accrued Compensated Absences	214,870	433,340	648,210
Claims and Judgments Payable	141,339	52,714	194,053
Capital Lease Payable	87,460	68,031	155,491
Derivative Instrument Liability	-	25,602	25,602
Notes, Bonds, and COPs Payable	3,881,964	5,082,716	8,964,680
Due to Component Units	-	1,458	1,458
Net Pension Liability	5,874,655	3,370,077	9,244,732
Other Postemployment Benefits	203,724	1,041,543	1,245,267
Other Long-Term Liabilities	228,926	138,497	367,423
Total Noncurrent Liabilities	10,634,717	10,214,003	20,848,720
TOTAL LIABILITIES	19,113,190	15,997,651	35,110,841
DEFERRED INFLOW OF RESOURCES:	3,531,733	1,260,085	4,791,818
NET POSITION:			
Net investment in Capital Assets:	9,167,904	3,900,209	13,068,113
Restricted for:			
Construction and Highway Maintenance	671,488	-	671,488
Education	800,544	629,513	1,430,057
Unemployment Insurance	-	(1,900,323)	(1,900,323)
Debt Service	148,326	36,346	184,672
Emergencies	244,000	-	244,000
Permanent Funds and Endowments:			
Expendable	8,886	232,960	241,846
Nonexpendable	1,457,856	89,102	1,546,958
Other Purposes	839,781	34,494	874,275
Unrestricted	77,977	2,922,069	3,000,046
TOTAL NET POSITION	$ 13,416,762	$ 5,944,370	$ 19,361,132

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

(DOLLARS IN THOUSANDS) Functions/Programs	Expenses: Expenses	Expenses: Indirect Cost Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 844,684	$ (22,293)	$ 165,562	$ 338,240	$ 4,304
Business, Community, and Consumer Affairs	1,370,387	2,660	205,275	753,234	105
Education	6,655,207	1,740	43,333	1,189,139	-
Health and Rehabilitation	1,663,742	1,652	116,002	1,227,721	-
Justice	1,718,155	4,623	377,818	279,099	567
Natural Resources	98,594	459	147,299	116,000	-
Social Assistance	10,152,228	5,052	178,318	6,439,016	70
Transportation	1,631,403	1,452	492,297	161,059	539,507
Interest on Debt	135,332	-	-	-	-
Total Governmental Activities	24,269,732	(4,655)	1,725,904	10,503,508	544,553
Business-Type Activities:					
Higher Education	6,895,873	3,380	4,770,764	3,729,147	96,412
Healthcare Affordability	4,198,822	-	1,126,847	3,067,758	-
Unemployment Insurance	9,460,507	462	603,154	6,997,205	-
Lottery	691,482	345	795,845	(135)	-
Parks and Wildlife	170,360	120	236,497	50,089	84,029
College Assist	79,517	348	-	74,638	-
Other Business-Type Activities	296,133	-	398,533	38,737	-
Total Business-Type Activities	21,792,694	4,655	7,931,640	13,957,439	180,441
Total Primary Government	46,062,426	-	9,657,544	24,460,947	724,994
Total Component Units	$ 290,542	$ -	$ 80,070	$ 283,874	$ 3,977

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

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 Beginning (Restated)

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
$ (314,285)	$ -	$ (314,285)
(414,433)	-	(414,433)
(5,424,475)	-	(5,424,475)
(321,671)	-	(321,671)
(1,065,294)	-	(1,065,294)
164,246	-	164,246
(3,539,876)	-	(3,539,876)
(439,992)	-	(439,992)
(135,332)	-	(135,332)
(11,491,112)	-	(11,491,112)
-	1,697,070	1,697,070
-	(4,217)	(4,217)
-	(1,860,610)	(1,860,610)
-	103,883	103,883
-	200,135	200,135
-	(5,227)	(5,227)
-	141,137	141,137
-	272,171	272,171
(11,491,112)	272,171	(11,218,941)
3,956,294	-	3,956,294
433,686	-	433,686
8,299,136	-	8,299,136
1,084,296	-	1,084,296
517,762	9,238	527,000
874,272	-	874,272
75,915	-	75,915
593,646	-	593,646
91	-	91
50,931	-	50,931
104,683	-	104,683
(366,962)	366,962	-
141,128	5	141,133
15,764,878	376,205	16,141,083
4,273,766	648,376	4,922,142
9,290,973	5,113,700	14,404,673
(167,839)	181,689	13,850
19,862	605	20,467
9,142,996	5,295,994	14,438,990
$ 13,416,762	$ 5,944,370	$ 19,361,132

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:					
Cash and Pooled Cash	$ 2,635,320	$ 3,832,593	$ 55,291	$ 4,406,263	$ 10,929,467
Taxes Receivable, net	1,835,824	-	1,843	61,821	1,899,488
Other Receivables, net	478,693	-	1,101	164,748	644,542
Due From Other Governments	1,548,490	12,793	-	64,653	1,625,936
Due From Other Funds	99,964	-	13,715	34,869	148,548
Inventories	50,199	-	17,908	183,537	251,644
Prepaids, Advances and Deposits	50,814	814	6,077	46,242	103,947
Restricted Cash and Pooled Cash	1,214,940	-	879,079	1,194,575	3,288,594
Restricted Investments	-	-	2,324	1,324,475	1,326,799
Restricted Receivables	437	-	323,048	-	323,485
Investments	12,909	-	-	145,578	158,487
Other Long-Term Assets	25,496	-	31,495	545,825	602,816
TOTAL ASSETS	$ 7,953,086	$ 3,846,200	$ 1,331,881	$ 8,172,586	$ 21,303,753
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	4,847	4,847
LIABILITIES:					
Tax Refunds Payable	$ 1,144,749	$ -	$ -	$ 9,693	$ 1,154,442
Accounts Payable and Accrued Liabilities	1,185,056	15,096	283,723	216,532	1,700,407
TABOR Refund Liability (Note 2B)	471,381	-	-	-	471,381
Due To Other Governments	277,427	16,478	38,997	46,172	379,074
Due To Other Funds	20,148	-	500	78,689	99,337
Unearned Revenue	125,316	3,804,523	251,767	322,546	4,504,152
Claims and Judgments Payable	728	-	174	89	991
Other Current Liabilities	9,850	-	42	10,370	20,262
Deposits Held In Custody For Others	387	-	1,174	218	1,779
TOTAL LIABILITIES	3,235,042	3,836,097	576,377	684,309	8,331,825
DEFERRED INFLOW OF RESOURCES:	156,381	-	3,062	1,526	160,969
FUND BALANCES:					
Inventories	50,199	-	17,908	183,537	251,644
Permanent Fund Principal	-	-	-	1,438,292	1,438,292
Prepaids	50,702	814	6,077	46,242	103,835
Restricted	609,779	10,103	679,412	1,061,675	2,360,969
Committed	1,286,213	(814)	49,045	4,761,852	6,096,296
Assigned	106,416	-	-	-	106,416
Unassigned	2,458,354	-	-	-	2,458,354
TOTAL FUND BALANCES	4,561,663	10,103	752,442	7,491,598	12,815,806
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 7,953,086	$ 3,846,200	$ 1,331,881	$ 8,177,433	$ 21,308,600

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET POSITION
JUNE 30, 2021

(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	$ 10,929,467	$ 98,108	$ -	$ -	$ -	$ (187)	$ -	$ 11,027,388
Restricted Cash and Pooled Cash	128,954	-	-	-	-	-	-	128,954
Taxes Receivable, net	1,899,488	-	-	-	-	(160,174)	-	1,739,314
Other Receivables, net	644,542	1,365	-	-	-	17,390	120	663,417
Due From Other Governments	1,625,936	81	-	-	-	-	-	1,626,017
Due From Other Funds	148,548	884	-	-	-	-	(149,432)	-
Internal Balances	-	-	-	-	-	-	49,047	49,047
Inventories	251,644	1,209	-	-	-	-	-	252,853
Prepaids, Advances and Deposits	103,947	7,243	-	-	-	11,040	-	122,230
Total Current Assets	15,732,526	108,890	-	-	-	(131,931)	(100,265)	15,609,220
Noncurrent Assets:								
Restricted Cash and Pooled Cash	3,159,640	208	-	-	-	-	-	3,159,848
Restricted Investments	1,326,799	-	-	-	-	-	-	1,326,799
Restricted Receivables	323,485	-	-	-	-	-	-	323,485
Investments	158,487	-	-	-	-	-	-	158,487
Other Long-Term Assets	602,816	-	-	-	-	161,033	-	763,849
Depreciable Capital Assets and Infrastructure, net	-	118,815	9,940,374	-	-	-	-	10,059,189
Land and Nondepreciable Capital Assets	-	377	3,005,536	-	-	-	-	3,005,913
Total Noncurrent Assets	5,571,227	119,400	12,945,910	-	-	161,033	-	18,797,570
TOTAL ASSETS	21,303,753	228,290	12,945,910	-	-	29,102	(100,265)	34,406,790
DEFERRED OUTFLOW OF RESOURCES:	4,847	50,657	-	1,599,391	-	-	-	1,654,895
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	1,154,442	-	-	-	-	-	-	1,154,442
Accounts Payable and Accrued Liabilities	1,700,407	36,140	-	6,065	-	-	8	1,742,620
TABOR Refund Liability (Note 2B)	471,381	-	-	-	-	-	-	471,381
Due To Other Governments	379,074	-	-	-	-	-	-	379,074
Due To Other Funds	99,336	937	-	-	-	-	(100,273)	-
Unearned Revenue	4,504,153	1,338	-	-	-	(69)	-	4,505,422
Compensated Absences Payable	-	1,296	-	-	-	14,035	-	15,331
Claims and Judgments Payable	991	-	-	-	38,143	6,001	-	45,135
Leases Payable	-	25,033	-	5,505	-	-	-	30,538
Notes, Bonds, and COPs Payable	-	-	-	110,285	-	-	-	110,285
Other Current Liabilities	20,262	382	-	-	-	3,601	-	24,245
Total Current Liabilities	8,330,046	65,126	-	121,855	38,143	23,568	(100,265)	8,478,473
Noncurrent Liabilities:								
Deposits Held In Custody For Others	1,779	-	-	-	-	-	-	1,779
Accrued Compensated Absences	-	14,368	-	-	-	200,502	-	214,870
Claims and Judgments Payable	-	-	-	-	93,591	47,748	-	141,339
Capital Lease Payable	-	69,341	-	18,119	-	-	-	87,460
Notes, Bonds, and COPs Payable	-	1	-	3,881,963	-	-	-	3,881,964
Net Pension Liability	-	338,048	-	-	-	5,536,607	-	5,874,655
Other Postemployment Benefits	-	11,130	-	-	-	192,594	-	203,724
Other Long-Term Liabilities	-	-	-	-	-	228,926	-	228,926
Total Noncurrent Liabilities	1,779	432,888	-	3,900,082	93,591	6,206,377	-	10,634,717
TOTAL LIABILITIES	8,331,825	498,014	-	4,021,937	131,734	6,229,945	(100,265)	19,113,190
DEFERRED INFLOW OF RESOURCES:	160,969	79,412	-	-	-	3,291,352	-	3,531,733
NET POSITION:								
Net investment in Capital Assets:	-	24,820	12,945,910	(3,802,826)	-	-	-	9,167,904
Restricted for:								
Construction and Highway Maintenance	671,488	-	-	-	-	-	-	671,488
Education	800,544	-	-	-	-	-	-	800,544
Debt Service	148,326	-	-	-	-	-	-	148,326
Emergencies	244,000	-	-	-	-	-	-	244,000
Permanent Funds and Endowments:								
Expendable	8,886	-	-	-	-	-	-	8,886
Nonexpendable	1,457,856	-	-	-	-	-	-	1,457,856
Other Purposes	839,781	-	-	-	-	-	-	839,781
Unrestricted	8,644,925	(323,299)	-	1,380,280	(131,734)	(9,492,195)	-	77,977
TOTAL NET POSITION	$ 12,815,806	$ (298,479)	$ 12,945,910	$ (2,422,546)	$ (131,734)	$ (9,492,195)	$ -	$ 13,416,762

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, 2021

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 8,312,319	$ -	$ -	$ 878,375	$ 9,190,694
Corporate Income	1,111,864	-	-	71,812	1,183,676
Sales and Use	3,921,937	-	-	30,226	3,952,163
Excise	112,551	-	593,646	320,456	1,026,653
Other Taxes	336,628	-	91	225,497	562,216
Licenses, Permits, and Fines	34,725	-	417,864	440,745	893,334
Charges for Goods and Services	70,069	-	141,884	173,814	385,767
Rents	2	-	2,717	128,734	131,453
Investment Income (Loss)	87,847	(10,094)	(10,899)	97,836	164,690
Federal Grants and Contracts	8,689,999	920,289	620,418	615,677	10,846,383
Additions to Permanent Funds	-	-	-	141,128	141,128
Unclaimed Property Receipts	-	-	-	143,231	143,231
Other	183,157	-	91,849	56,924	331,930
TOTAL REVENUES	22,861,098	910,195	1,857,570	3,324,455	28,953,318
EXPENDITURES:					
Current:					
General Government	278,847	34,604	74,727	79,016	467,194
Business, Community, and Consumer Affairs	320,357	39,378	-	520,225	879,960
Education	475,967	819	-	221,208	697,994
Health and Rehabilitation	1,359,576	60,658	12,277	195,489	1,628,000
Justice	1,658,323	23,467	142,777	285,475	2,110,042
Natural Resources	41,049	-	-	79,438	120,487
Social Assistance	8,831,110	8,358	-	232,114	9,071,582
Transportation	-	-	1,479,831	5,600	1,485,431
Capital Outlay	207,566	17	60,866	124,360	392,809
Intergovernmental:					
Cities	100,597	188,016	202,529	95,436	586,578
Counties	1,699,047	137,268	230,494	138,054	2,204,863
School Districts	4,960,307	410,057	-	662,697	6,033,061
Special Districts	75,794	18,572	136,385	26,485	257,236
Federal	(20)	-	16	2,281	2,277
Other	62,644	37	3,251	67,115	133,047
Debt Service	84,724	-	-	145,124	229,848
TOTAL EXPENDITURES	20,155,888	921,251	2,343,153	2,880,117	26,300,409
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,705,210	(11,056)	(485,583)	444,338	2,652,909
OTHER FINANCING SOURCES (USES):					
Transfers-In	900,632	-	354,626	1,461,511	2,716,769
Transfers-Out	(1,569,302)	(191)	(95,287)	(1,410,723)	(3,075,503)
Face Amount of Bond/COP Issuance	98,030	-	-	676,837	774,867
Bond/COP Premium/Discount	19,932	-	-	158,117	178,049
Issuance of Capital Leases	502	-	-	4,206	4,708
Sale of Capital Assets	836	-	-	(23,269)	(22,433)
Insurance Recoveries	4,229	-	91	1,540	5,860
Bond/COP Refunding Issuance	-	-	19,050	-	19,050
Bond/COP Premium Refunding Proceeds	-	-	3,742	-	3,742
Bond/COP Refunding Payments	-	-	(22,550)	-	(22,550)
TOTAL OTHER FINANCING SOURCES (USES)	(545,141)	(191)	259,672	868,219	582,559
NET CHANGE IN FUND BALANCES	2,160,069	(11,247)	(225,911)	1,312,557	3,235,468
FUND BALANCE, FISCAL YEAR BEGINNING	2,401,594	21,350	978,353	6,090,424	9,491,721
Prior Period Adjustment (See Note 15A)	-	-	-	68,755	68,755
Accounting Changes (See Note 15B)	-	-	-	19,862	19,862
FUND BALANCE, FISCAL YEAR BEGINNING (RESTATED)	2,401,594	21,350	978,353	6,179,041	9,580,338
FUND BALANCE, FISCAL YEAR END	$ 4,561,663	$ 10,103	$ 752,442	$ 7,491,598	$ 12,815,806

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES RECONCILED TO STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

(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	$ 9,190,694	$ -	$ -	$ -	$ (13,183)	$ 9,177,511
Corporate Income	1,183,676	-	-	-	(27,568)	1,156,108
Sales and Use	3,952,163	-	-	-	4,131	3,956,294
Excise	1,026,653	-	-	-	679	1,027,332
Other Taxes	562,216	-	-	-	(4,209)	558,007
Licenses, Permits, and Fines	893,334	-	-	-	30	893,364
Charges for Goods and Services	385,767	-	-	-	-	385,767
Rents	131,453	-	-	-	-	131,453
Investment Income (Loss)	164,690	(1,150)	-	-	1	163,541
Federal Grants and Contracts	10,846,383	-	-	-	-	10,846,383
Additions to Permanent Funds	141,128	-	-	-	-	141,128
Unclaimed Property Receipts	143,231	-	-	-	-	143,231
Other	331,930	-	-	-	1,861	333,791
TOTAL REVENUES	28,953,318	(1,150)	-	-	(38,258)	28,913,910
EXPENDITURES:						
Current:						
General Government	467,194	(20,492)	28,969	-	(99,668)	376,003
Business, Community, and Consumer Affairs	879,960	(18,333)	2,358	-	(133,284)	730,701
Education	697,994	(1,137)	40,823	-	(46,727)	690,953
Health and Rehabilitation	1,628,000	(5,385)	592	-	(180,250)	1,442,957
Justice	2,110,042	(14,688)	51,755	-	(689,236)	1,457,873
Natural Resources	120,487	(7,367)	475	-	(33,552)	80,043
Social Assistance	9,071,582	(33,650)	18,326	-	(67,825)	8,988,433
Transportation	1,485,431	(6,841)	321,637	-	(165,004)	1,635,223
Capital Outlay	392,809	-	(867,800)	-	-	(474,991)
Intergovernmental:						
Cities	586,578	-	-	-	-	586,578
Counties	2,204,863	-	-	-	-	2,204,863
School Districts	6,033,061	-	-	-	78,020	6,111,081
Special Districts	257,236	-	-	-	1,743	258,979
Federal	2,277	-	-	-	-	2,277
Other	133,047	-	-	-	-	133,047
Debt Service	229,848	2,384	-	(97,338)	-	134,894
TOTAL EXPENDITURES	26,300,409	(105,509)	(402,865)	(97,338)	(1,335,783)	24,358,914
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,652,909	104,359	402,865	97,338	1,297,525	4,554,996
OTHER FINANCING SOURCES (USES):						
Transfers-In	2,716,769	1,759	-	-	-	2,718,528
Transfers-Out	(3,075,503)	(7,808)	-	-	-	(3,083,311)
Face Amount of Bond/COP Issuance	774,867	-	-	(774,867)	-	-
Bond/COP Premium/Discount	178,049	-	-	(162,723)	-	15,326
Sale of Capital Assets	(22,433)	-	80,901	-	-	58,468
Insurance Recoveries	5,860	-	-	-	-	5,860
Bond/COP Refunding Issuance	19,050	-	-	(19,050)	-	-
Bond/COP Premium Refunding Proceeds	3,742	-	-	(3,742)	-	-
Bond/COP Refunding Payments	(22,550)	-	-	22,792	-	242
TOTAL OTHER FINANCING SOURCES (USES)	582,559	(6,049)	80,901	(942,126)	-	(284,715)
Internal Service Fund Charges to BTAs	-	3,485	-	-	-	3,485
NET CHANGE FOR THE YEAR	3,235,468	101,795	483,766	(844,788.00)	1,297,525	4,273,766
Prior Period Adjustment (See Note 15A)	68,755	-	-	-	(236,594)	(167,839)
Accounting Changes (See Note 15B)	19,862	-	-	-	-	19,862
TOTAL CHANGE FOR THE CURRENT YEAR	$ 3,324,085	$ 101,795	$ 483,766	$ (844,788)	$ 1,060,931	$ 4,125,789

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, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						**GOVERNMENTAL ACTIVITIES**
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
ASSETS:							
Current Assets:							
Cash and Pooled Cash	$ 1,407,768	$ 51,702	$ 301,717	$ 127,619	$ 751,741	$ 2,640,547	$ 98,108
Investments	2,256,748	-	-	-	-	2,256,748	-
Premiums/Taxes Receivable, net	-	-	-	125,452	261	125,713	-
Student and Other Receivables, net	592,076	101,939	8,437	69,960	60,812	833,224	1,365
Due From Other Governments	294,474	177,999	4,828	2,039,414	19,205	2,535,920	81
Due From Other Funds	48,588	-	-	92	9,258	57,938	884
Due From Component Units	24,857	-	-	-	-	24,857	-
Inventories	37,654	-	-	-	12,752	50,406	1,209
Prepaids, Advances and Deposits	28,246	-	340	-	8,875	37,461	7,243
Total Current Assets	4,690,411	331,640	315,322	2,362,537	862,904	8,562,814	108,890
Noncurrent Assets:							
Restricted Cash and Pooled Cash	102,983	-	32,787	25,358	40,321	201,449	208
Restricted Investments	136,190	-	-	-	-	136,190	-
Restricted Receivables	-	-	-	-	20,808	20,808	-
Investments	2,109,357	-	15,647	-	-	2,125,004	-
Other Long-Term Assets	113,320	-	-	-	897	114,217	-
Depreciable Capital Assets and Infrastructure, net	7,381,568	27,879	1,291,055	38,136	305,238	9,043,876	118,815
Land and Nondepreciable Capital Assets	1,196,152	2,542	548,752	-	447,903	2,195,349	377
Total Noncurrent Assets	11,039,570	30,421	1,888,241	63,494	815,167	13,836,893	119,400
TOTAL ASSETS	15,729,981	362,061	2,203,563	2,426,031	1,678,071	22,399,707	228,290
DEFERRED OUTFLOW OF RESOURCES:	831,543	2,442	2,899	813	71,680	909,377	50,657
LIABILITIES:							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	440,605	160,416	19,320	31,040	47,826	699,207	36,140
Due To Other Governments	-	97,034	-	1,577,206	19,608	1,693,848	-
Due To Other Funds	2,862	22,618	-	17,832	58,857	102,169	937
Due To Component Units	240	-	-	-	-	240	-
Unearned Revenue	307,239	-	8,942	20,228	59,235	395,644	1,338
Compensated Absences Payable	30,072	7	-	-	1,504	31,583	1,296
Claims and Judgments Payable	819	-	-	-	-	819	-
Leases Payable	5,864	-	-	-	328	6,192	25,033
Notes, Bonds, and COPs Payable	103,691	-	-	-	600	104,291	-
Other Postemployment Benefits	14,753	-	-	-	-	14,753	-
Other Current Liabilities	118,144	-	-	2,630,685	64,675	2,813,504	382
Total Current Liabilities	1,024,289	280,075	28,262	4,276,991	252,633	5,862,250	65,126
Noncurrent Liabilities:							
Due to Other Funds	(118)	-	12,950	-	15,544	28,376	-
Deposits Held In Custody For Others	-	-	-	-	25	25	-
Accrued Compensated Absences	417,154	209	91	-	15,886	433,340	14,368
Claims and Judgments Payable	52,714	-	-	-	-	52,714	-
Capital Lease Payable	66,927	-	-	-	1,104	68,031	69,341
Derivative Instrument Liability	25,602	-	-	-	-	25,602	-
Notes, Bonds, and COPs Payable	4,511,357	-	571,303	-	56	5,082,716	1
Due to Component Units	1,458	-	-	-	-	1,458	-
Net Pension Liability	2,965,082	13,058	6,906	7,065	377,966	3,370,077	338,048
Other Postemployment Benefits	1,027,843	435	238	245	12,782	1,041,543	11,130
Other Long-Term Liabilities	44,999	-	93,484	-	14	138,497	-
Total Noncurrent Liabilities	9,113,018	13,702	684,972	7,310	423,377	10,242,379	432,888
TOTAL LIABILITIES	10,137,307	293,777	713,234	4,284,301	676,010	16,104,629	498,014
DEFERRED INFLOW OF RESOURCES:	1,018,835	2,817	129,754	4,730	103,949	1,260,085	79,412
NET POSITION:							
Net investment in Capital Assets:	4,166,677	30,421	(1,040,960)	38,136	705,935	3,900,209	24,820
Education	629,513	-	-	-	-	629,513	-
Unemployment Insurance	-	-	-	(1,900,323)	-	(1,900,323)	-
Debt Service	20,699	-	15,647	-	-	36,346	-
Expendable	232,960	-	-	-	-	232,960	-
Nonexpendable	89,102	-	-	-	-	89,102	-
Other Purposes	-	-	-	-	34,494	34,494	-
Unrestricted	266,431	37,488	2,388,787	-	229,363	2,922,069	(323,299)
TOTAL NET POSITION	$ 5,405,382	$ 67,909	$ 1,363,474	$ (1,862,187)	$ 969,792	$ 5,944,370	$ (298,479)

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:							
Unemployment Insurance Premiums	$ -	$ -	$ -	$ 602,104	$ -	$ 602,104	$ -
License and Permits	-	-	-	88	181,378	181,466	-
Tuition and Fees	3,020,102	-	-	-	863	3,020,965	-
Scholarship Allowance for Tuition and Fees	(718,136)	-	-	-	-	(718,136)	-
Sales of Goods and Services	2,303,408	1,126,820	138,876	-	995,432	4,564,536	477,171
Scholarship Allowance for Sales of Goods & Services	(31,707)	-	-	-	-	(31,707)	-
Investment Income (Loss)	915	-	-	-	(5,544)	(4,629)	-
Rental Income	17,089	-	-	-	2,218	19,307	15,630
Gifts and Donations	53,827	-	-	-	-	53,827	-
Federal Grants and Contracts	1,379,799	3,065,067	11,251	6,994,675	150,912	11,601,704	-
Intergovernmental Revenue	8,393	-	-	-	38,828	47,221	-
Other	413,098	28	-	128	3,173	416,427	99
TOTAL OPERATING REVENUES	6,446,788	4,191,915	150,127	7,596,995	1,367,260	19,753,085	492,900
OPERATING EXPENSES:							
Salaries and Fringe Benefits	4,426,816	31,177	10,852	(2,434)	110,394	4,576,805	169,870
Operating and Travel	1,650,850	4,142,380	8,675	9,460,746	293,874	15,556,525	184,261
Cost of Goods Sold	103,214	-	-	-	51,379	154,593	1
Depreciation and Amortization	490,709	4,770	25,649	2,195	23,408	546,731	30,965
Intergovernmental Distributions	36,642	20,497	-	-	17,674	74,813	-
Debt Service	-	-	-	-	2,867	2,867	-
Prizes and Awards	345	-	-	-	518,421	518,766	3
TOTAL OPERATING EXPENSES	6,708,576	4,198,824	45,176	9,460,507	1,018,017	21,431,100	385,101
OPERATING INCOME (LOSS)	(261,788)	(6,909)	104,951	(1,863,512)	349,243	(1,678,015)	107,799
NONOPERATING REVENUES AND (EXPENSES):							
Taxes	-	-	-	-	47,593	47,593	-
Fines and Settlements	529	-	1,418	834	555	3,336	-
Investment Income (Loss)	785,162	2,691	(4,699)	2,530	1,849	787,533	(1,151)
Rental Income	28,637	-	-	-	20,036	48,673	-
Gifts and Donations	300,472	-	-	-	12,448	312,920	-
Intergovernmental Distributions	(14,101)	-	-	-	(71,719)	(85,820)	-
Federal Grants and Contracts	923,120	-	5,169	-	-	928,289	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(1,714)	-	(89,763)	-	(682)	(92,159)	2,349
Insurance Recoveries from Prior Year Impairments	1,449	-	-	-	(108)	1,341	-
Debt Service	(169,589)	-	(13,658)	-	(181)	(183,428)	(2,372)
Other Expenses	(3,087)	-	(577)	-	(14)	(3,678)	-
Other Revenues	14,265	-	-	-	1,682	15,947	-
TOTAL NONOPERATING REVENUES (EXPENSES)	1,865,143	2,691	(102,110)	3,364	11,459	1,780,547	(1,174)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,603,355	(4,218)	2,841	(1,860,148)	360,702	102,532	106,625
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:							
Capital Contributions	95,072	-	-	-	86,178	181,250	1,215
Additions to Permanent Endowments	947	-	-	-	5	952	-
Transfers-In	486,077	-	-	-	54,690	540,767	1,760
Transfers-Out	(53,153)	(16,491)	-	(508)	(106,973)	(177,125)	(7,807)
TOTAL CONTRIBUTIONS AND TRANSFERS	528,943	(16,491)	-	(508)	33,900	545,844	(4,832)
CHANGE IN NET POSITION	2,132,298	(20,709)	2,841	(1,860,656)	394,602	648,376	101,793
NET POSITION - FISCAL YEAR BEGINNING	3,104,807	74,947	1,360,633	(1,531)	574,844	5,113,700	(400,273)
Prior Period Adjustments (See Note 15A)	168,003	13,671	-	-	15	181,689	-
Accounting Changes (See Note 15B)	274	-	-	-	331	605	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	3,273,084	88,618	1,360,633	(1,531)	575,190	5,295,994	(400,273)
NET POSITION - FISCAL YEAR ENDING	$ 5,405,382	$ 67,909	$ 1,363,474	$ (1,862,187)	$ 969,792	$ 5,944,370	$ (298,479)

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES
	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash Received from:							
Tuition, Fees, and Student Loans	$ 2,355,286	$ -	$ -	$ -	$ 849	$ 2,356,135	$ -
Fees for Service	2,167,272	1,120,787	135,016	76,720	310,367	3,810,162	4,799
Receipts for Interfund Services	-	-	8,478	-	8,579	17,057	471,409
Sales of Products	-	-	-	-	840,138	840,138	1,345
Gifts, Grants, and Contracts	1,635,735	3,205,715	16,435	6,714,817	157,800	11,730,502	47
Loan and Note Repayments	409,024	-	-	-	-	409,024	-
Unemployment Insurance Premiums	-	-	-	603,154	-	603,154	-
Income from Property	45,726	-	-	-	22,143	67,869	15,630
Other Sources	-	26	47,906	2,042,295	111,487	2,201,714	218
Cash Payments to or for:							
Employees	(5,227,306)	(30,498)	(12,076)	(12,843)	(216,473)	(5,499,196)	(264,973)
Suppliers	(1,395,956)	(4,073,260)	(25,114)	-	(159,082)	(5,653,412)	(115,531)
Payments for Interfund Services	-	(134,294)	(2,315)	-	(8,769)	(145,378)	(62,938)
Sales Commissions and Lottery Prizes	-	(5)	-	-	(570,508)	(570,513)	-
Unemployment Benefits	-	-	-	(9,559,594)	-	(9,559,594)	-
Scholarships	(220,050)	-	-	-	-	(220,050)	-
Others for Student Loans and Loan Losses	(397,749)	-	-	-	-	(397,749)	-
Other Governments	(36,642)	(11,387)	-	-	(17,743)	(65,772)	(1)
Other	(440,565)	(5,238)	-	(48,619)	(105,556)	(599,978)	(4,298)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(1,105,225)	71,846	168,330	(184,070)	373,232	(675,887)	45,707
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers-In	395,017	-	-	-	56,731	451,748	2,163
Transfers-Out	(53,153)	(16,491)	-	(508)	(106,973)	(177,125)	(7,807)
Receipt of Deposits Held in Custody	114,944	-	-	-	-	114,944	(317)
Release of Deposits Held in Custody	(128,385)	-	-	-	(77)	(128,462)	-
Gifts and Grants for Other Than Capital Purposes	1,218,324	-	-	-	12,448	1,230,772	-
Intergovernmental Distributions	(14,101)	-	-	-	(70,895)	(84,996)	-
Unclaimed Property Fund Interest	-	-	-	-	1,671	1,671	-
NonCapital Debt Proceeds	2,760	-	46,015	-	-	48,775	1
NonCapital Debt Service Payments	-	-	-	-	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	1,535,406	(16,491)	46,015	(508)	(107,095)	1,457,327	(5,960)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Acquisition of Capital Assets	(701,623)	(20,015)	(232,163)	-	(36,740)	(990,541)	(6,108)
Capital Contributions	189,163	-	-	-	-	189,163	-
Capital Gifts, Grants, and Contracts	15,073	-	-	-	-	15,073	-
Proceeds from Sale of Capital Assets	40,035	-	-	-	88	40,123	2,337
Capital Debt Proceeds	1,075,350	-	-	-	-	1,075,350	-
Capital Debt Service Payments	(1,041,174)	-	(10,021)	-	(142)	(1,051,337)	(59)
Capital Lease Payments	(18,696)	-	-	-	(359)	(19,055)	(23,718)
Taxes	-	-	-	-	-	-	-
Bond Defeasance and Refunding	-	-	-	-	-	-	-
Received from Borrowers	-	-	-	-	-	-	-
Disbursements to Borrowers	-	-	-	-	-	-	-
Capitalization Grants Received	-	-	-	-	-	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(441,872)	(20,015)	(242,184)	-	(37,153)	(741,224)	(27,548)

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

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY			OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest and Dividends on Investments	94,052	2,090	4,246	2,544	8,994	111,926	347
Proceeds from Sale/Maturity of Investments	8,594,783	-	20	-	-	8,594,803	-
Purchases of Investments	(9,284,724)	-	-	-	-	(9,284,724)	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	528,426	601	(8,809)	(14)	(7,593)	512,611	(1,497)
NET CASH FROM INVESTING ACTIVITIES	(67,463)	2,691	(4,543)	2,530	1,401	(65,384)	(1,150)
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(79,154)	38,031	(32,382)	(182,048)	230,385	(25,168)	11,049
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,589,631	-	366,886	335,025	561,677	2,853,219	87,267
CASH AND POOLED CASH, FISCAL YEAR END	1,510,751	51,702	334,504	152,977	792,062	2,841,996	98,316
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,510,751	$ 51,702	$ 334,504	$ 152,977	$ 792,062	$ 2,841,996	$ 98,316
VARIANCE	-	-	-	-	-	-	-
RECONCILIATION OF OPERATING INCOME TO NET CASH							
PROVIDED BY OPERATING ACTIVITIES							
Operating Income (Loss)	$ (261,788)	$ (6,909)	$ 104,951	$ (1,863,512)	349,243	$ (1,678,015)	$ 107,799
Adjustments to Reconcile Operating Income (Loss)							
to Net Cash Provided by Operating Activities:							
Depreciation	490,709	4,770	25,649	2,195	23,408	546,731	30,965
Investment/Rental Income and Other Revenue in Operating Income	-	-	-	-	450	450	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	52,843	-	6,588	834	68,152	128,417	12
(Gain)/Loss on Disposal of Capital and Other Assets	750	-	-	-	4	754	-
Compensated Absences Expense	38,056	110	25	-	362	38,553	1,907
Interest and Other Expense in Operating Income	18,323	13,671	(7,560)	(22,985)	3,875	5,324	649
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred							
Inflows Related to Operating Activities:							
(Increase) Decrease in Operating Receivables	(198,116)	145,926	4,633	(1,638,463)	(327)	(1,686,347)	(62)
(Increase) Decrease in Inventories	3,507	-	-	-	3,212	6,719	75
(Increase) Decrease in Other Operating Assets and Deferred Outflows	7,958	-	293	-	1,366	9,617	1,627
(Increase) Decrease in Pension Deferred Outflow	(164,987)	2,865	106	(77)	(32,146)	(194,239)	(21,463)
(Increase) Decrease in OPEB Deferred Outflow	(140,486)	93	(6)	13	(759)	(141,145)	(153)
Increase (Decrease) in Accounts Payable	36,360	38,707	(24,489)	(11,061)	4,804	44,321	(1,001)
Increase (Decrease) in Pension Liability	(193,067)	(125)	301	(2,760)	(4,918)	(200,569)	(5,849)
Increase (Decrease) in OPEB Liability	208,028	(72)	(21)	(143)	(2,110)	205,682	(1,962)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	(419,080)	(124,707)	59,492	3,353,569	24,328	2,893,602	(1,358)
Increase (Decrease) in Pension Deferred Inflow	(550,991)	(2,529)	(1,601)	(1,745)	(67,551)	(624,417)	(66,721)
Increase (Decrease) in OPEB Deferred Inflow	(33,244)	46	(31)	65	1,839	(31,325)	1,242
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (1,105,225)	$ 71,846	$ 168,330	$ (184,070)	$ 373,232	$ (675,887)	$ 45,707
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:							
Capital Assets Funded by the Capital Projects Fund	(6,531)	-	-	-	2,041	(4,490)	812
Capital Assets Acquired by Grants or Donations and Payable Increases	27,284	-	-	-	-	27,284	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	603,806	-	-	-	-	603,806	-
Loss on Disposal of Capital and Other Assets	(473)	-	-	-	(4)	(477)	-
Disposal of Capital Assets	(1,923)	-	-	-	-	(1,923)	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	191,251	-	-	-	-	191,251	-
Assumption of Capital Lease Obligation or Mortgage	2,823	-	-	-	-	2,823	20,773
Financed Debt Issuance Costs	92	-	-	-	-	92	-
Gain on Debt Defeasance	103,390	-	-	-	-	103,390	-
Bad Debt Expense	3,897	-	-	-	-	3,897	-
Fair Value Change in Derivative Instrument	1,201	-	-	-	-	1,201	-
Noncapital Gifts	34,186	-	-	-	-	34,186	-
Additions to Investments held by Foundation	3,655	-	-	-	-	3,655	-
Federal Receivables (BABS & CARES)	221	-	-	-	-	221	-

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE-PURPOSE TRUST	CUSTODIAL	TOTAL
ASSETS:				
Current Assets:				
Cash and Pooled Cash	107,374	323,327	522,600	953,301
Investments	155,563	11,337,188	-	11,492,751
Taxes Receivable, net	-	-	225,566	225,566
Other Receivables, net	11,350	27,149	1,297	39,796
Due From Other Governments			67	67
Due From Other Funds	1,618	15,194	6,764	23,576
Prepaids, Advances and Deposits	999	-	19	1,018
Other Long-Term Assets	-	-	8,900	8,900
TOTAL ASSETS	276,904	11,702,858	765,213	12,744,975
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	-	-	2,132	2,132
Accounts Payable and Accrued Liabilities	25,982	278,655	1,360	305,997
Due To Other Governments	-	-	198	198
Due To Other Funds	-	7	120	127
Unearned Revenue	-	23,724	226	23,950
Claims and Judgments Payable	21,061	-	-	21,061
Other Current Liabilities	31,282	-	18,214	49,496
Accrued Compensated Absences	215	-	-	215
Other Long-Term Liabilities	-	8,274	539	8,813
TOTAL LIABILITIES	78,540	310,660	22,789	411,989
NET POSITION:				
OPEB	129,152	-	-	129,152
Pension/Benefit Plan Participants	69,212	-	-	69,212
Individuals, Organizations, and Other Entities	-	11,392,198	742,424	12,134,622
TOTAL NET POSITION	198,364	11,392,198	742,424	12,332,986

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, 2021

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE-PURPOSE TRUST	CUSTODIAL	TOTAL
ADDITIONS:				
Member Contributions	80,587	-	-	80,587
Employer Contributions	407,842	-	-	407,842
Investment Income/(Loss)	12,802	1,879,962	(52,526)	1,840,238
Gifts and Bequests	-	694	-	694
Unclaimed Property Receipts	-	1,260,642	-	1,260,642
Court Awards and Restitution Receipts	-	-	115,242	115,242
Collections of Sales Tax for Other Governments	-	-	2,501,371	2,501,371
Other Additions	289,772	2,771	92,983	385,526
Transfers-In	1,247	-	-	1,247
TOTAL ADDITIONS	792,250	3,144,069	2,657,070	6,593,389
DEDUCTIONS:				
Distributions to Participants	3,354	1,037,715	-	1,041,069
Health Insurance Premiums Paid	278,343	-	-	278,343
Health Insurance Claims Paid	162,294	-	-	162,294
Other Benefits Plan Expense	29,990	-	-	29,990
Payments of Sales Tax to Other Governments	-	-	2,488,338	2,488,338
Distributions - Intergovernmental Entities	-	700	-	700
Administrative Expense	17,929	279	7,506	25,714
Other Deductions	312,329	40,347	181,692	534,368
Transfers-Out	89	19	-	108
TOTAL DEDUCTIONS	804,328	1,079,060	2,677,536	4,560,924
CHANGE IN NET POSITION	(12,078)	2,065,009	(20,466)	2,032,465
NET POSITION - FISCAL YEAR BEGINNING	151,500	9,529,272	-	9,680,772
Prior Period Adjustments (Note 15A)		(197,839)		(197,839)
Accounting Changes (See Note 15B)	58,942	(4,244)	762,890	817,588
NET POSITION - FISCAL YEAR ENDING	198,364	11,392,198	742,424	12,332,986

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

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 2021:

GASB Statement No. 84 – Fiduciary Activities. In 2021, the State implemented GASB 84 Statement No. 84. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria, in which the focus is on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. In 2021, the Colorado School of Mines and Colorado State University both early-implemented GASB Statement No. 89. This Statement seeks to enhance the relevance and comparability of information about capital assets and the costs of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period.

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.

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.

- University Physicians 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 & 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 University of Colorado Foundation, which has a matching fiscal year end, but also includes 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.

Federal Special Revenue Fund

This fund reports funds received from the Federal Government as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Emergency Supplemental Funding (CESF) programs. These programs were passed in response to the economic fallout of the COVID-19 pandemic in the United States.

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.

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.

Unemployment Insurance

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

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:

Fiduciary Funds are used to report assets held in a trustee or custodial capacity for others. Therefore, the resources reported in Fiduciary Funds cannot be used to support the government's own programs and are excluded in the government-wide financial statements. The types of Fiduciary Funds maintained by the State consist of the following:

Pension and Other Employee Benefit Trust Funds

Pension and other employee benefit trust funds are used to account for the activities of the retirement system, which accumulates resources for pension benefit payments to qualified public employees. 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, the College Savings Plan operated by CollegeInvest, and several smaller funds shown in the aggregate as Other.

Custodial Funds

Custodial funds are used to report resources held in a purely custodial capacity for other individuals, private organizations, or other governments. Custodial 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 adopted a $75,000 threshold for land and leasehold improvements, buildings, intangibles, and infrastructure. All land and library materials/collections are capitalized regardless of cost.

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	5,000	50,000
Vehicles and Equipment	NA	5,000
Software (purchased)	NA	5,000
Software (internally developed)	NA	50,000
Works of Art/Historical Treasure	NA	5,000
Other	5,000	NA
Infrastructure	50,000	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. Useful life for intangible assets, excluding software, vary based upon the nature of the asset.

Asset Class	Estimated Useful Life
Land Improvements	5 to 50 years
Buildings	3 to 122 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, the Metropolitan State University of Denver, the Colorado School of Mines, and Colorado 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). 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 2020 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 2018 and costs from the Fiscal Year 2020 (SB19-207 and other special or supplemental bills) Appropriations bill that were incorporated in State agency budgets for Fiscal Year 2020-21. 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 four 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, 2021, were $1,912.7 million as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- <u>Children's Basic Health Plan Medical and Dental Costs</u> – The Department of Health Care Policy & Financing overspent this line item by $0.4 million cash funds. The overexpenditure was driven by higher-than-anticipated caseload growth for the expansion population funded by the Healthcare Affordability and Sustainability Fee cash fund.

- <u>Behavioral Health Fee-for-Service Payments</u> – The Department of Health Care Policy & Financing overspent this line item by $0.05 million cash funds and $0.2 million general funds. The behavioral health fee-for-service line represents expenditures that are 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. The overexpenditure occurred due to utilization growing by more than projected in the second half of the year.

- <u>Behavioral Health Capitation Payments</u> – The Department of Health Care Policy & Financing overspent this line item by $0.1 million cash funds. The overexpenditure was driven by an increase in the number of ACA expansion members with Medicare coverage, which are funded through cash funds as the state share and the standard FMAP. The increase in this population is a byproduct of the Medicaid continuous coverage requirement.

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

- None at June 30, 2021.

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

- None at June 30, 2021.

Approved Judicial Overexpenditures, subject to the $1.0 million limit:

- None at June 30, 2021.

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

- Colorado Office of Film, Television and Media Operational Account – The Governor's Office of Economic Development and International Trade had a deficit in the fund of $0.2 million due to the transfer of Gaming revenue to this fund being suspended with the passage of HB20-1399. Historically, funds distributed in August were used to cover the prior year's spending. This is a continuation of the overexpenditure HB20-1399 caused in Fiscal Year 2020 as the gaming funds are still suspended. Without cash coming into the fund restrictions of Fiscal Year 2021 budget was not possible. This will be remedied with the restriction the amount of the overexpenditure in the Fiscal Year 2022 budget and when gaming funds are restored. This issue will no longer exist, as the funds will be transferred at the beginning of the year rather than at the end.

- History Colorado Restricted Donations Fund – History Colorado had a deficit in the fund of $0.7 million. Due to COVID-19, History Colorado's revenue from the operation and gaming taxes decreased significantly. In order to continue to pay staff salaries, during Fiscal Year 2020 and Fiscal Year 2021, History Colorado applied for Paycheck Protection Program (PPP) loan from the Small Business Administration (SBA) and received PPP loan for $2.3 million. On July 1, 2021, SBA approved the forgiveness for the full amount of the PPP loan. This will be one time deficit. The deficit will be eliminated in Fiscal Year 2022 once History Colorado recognize the forgiven loan amount.

- Highway Fund – The Department of Transportation had a deficit in this fund of $0.3 million. This fund provides the following services: Print Shop, State Fleet and Sign Shop services. The Print Shop has not been able to cover its expenses and is closed. The Sign Shop is working on reducing the deficit fund balance.

- Unemployment Insurance Fund – The Department of Labor and Employment had a deficit in this fund of $1,908.7 million. Due to the recession caused by the COVID-19 pandemic, estimated unemployment insurance benefits payable exceeded available and estimated resources at the end of Fiscal Year 2021. The Department has options available to address the deficit including, but not limited to, assessing unemployment insurance premium surcharges. The Department does not expect that this would be an ongoing problem outside of unprecedented circumstances like the COVID-19 pandemic.

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 2021 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, 2021:

- Colorado Autism Treatment Fund - $0.1 million
- Health Care Expansion Fund - $1.8 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 exempt 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 2021, revenue subject to TABOR was $16,097.9 million, which was above the $15,644.3 million ESRC by $453.6 million, and by $3,469.8 million over the original TABOR limit. Therefore, there is a refund payable from Fiscal Year 2021 revenue of $453.6 million. During the year, the State reimbursed $22.3 thousand of the Fiscal Year 2015 refund payable through the sales tax and earned income tax credit mechanisms and $125.4 million of the Fiscal Year 2019 refund payable through the income tax rate reduction mechanism. The State's liability for TABOR refunds was $471.4 million at June 30, 2021, which includes the FY 2021 revenue above the ESRC and prior-year revenue adjustments of $809.1 thousand. Since the inception of Referendum C in Fiscal Year 2006, the State has retained $27,457.0 million (unadjusted for prior year errors) – $3,593.6 million during the initial five-year revenue retention period, and an additional $23,863.4 million as a result of the higher ESRC limit in Fiscal Year 2011 through Fiscal Year 2020.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. The estimated reserve for Fiscal Year 2021 was based on the revenue projection prepared in the spring of 2020 by the Legislative Council. In the Long Appropriations Act, HB 20-1360, the funds designated below and the maximum balances from each, constitute the reserve.

At June 30, 2021, the financial net positions, or fund balances of the following funds were restricted:

- Major Medical Fund, a portion of the nonmajor Labor Fund – $63.0 million maximum set in the Long Appropriations Act.

- 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 – $73.0 million.

- Disaster Emergency Fund – $75.0 million.

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

The 2020 legislative session Long Appropriations Act also designated up to $160.0 million of State properties as the remainder of the emergency reserve.

Based on actual fiscal year nonexempt revenues in Fiscal Year 2021, the required reserve was $482.9 million. Because the actual reserve requirement was more than the amount set in HB 20-1360, the total amount restricted for the reserve was $73.9 million less than the combined maximums allowable in the designated funds detailed above.

During FY 2021, twelve executive orders called for a net amount of $36.3 million to be transferred from the funds constituting the TABOR reserve, to the Disaster Emergency Fund (DEF), in response to the costs of dealing with the COVID-19 pandemic. Another $10.4 million was transferred to the DEF through seven executive orders for the costs of fighting wildfires across the State.

NOTE 3 – CASH, RECEIVABLES, INVENTORIES, PREPAIDS, 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 $1,022.6 million as of June 30, 2021. Under the GASB Statement No. 40 definitions, $29.0 million of the State's total bank balance of $1,371.6 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the State's name.

RECEIVABLES

The Taxes Receivable of $1,865.0 million shown on the government-wide *Statement of Net Position* in current assets net of long-term taxes receivable of $160.2 million, primarily comprises the following:

- $1,835.8 million in the General Purpose Revenue Fund, mainly self-assessed income and sales tax. This amount includes $160.2 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*.

- $125.5 million of unemployment insurance premiums receivable primarily recorded in the Unemployment Insurance Fund.

- $61.8 million recorded in non-major special revenue funds that include approximately $17.8 million from insurance premium tax and $18.7 million from gaming tax.

The Restricted Receivables of $323.5 million shown for Governmental Activities on the government-wide *Statement of Net Position* in non-current assets related primarily to $3.0 million of taxes receivable, $114.5 million of other receivables, and $205.5 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 $1,496.6 million shown on the government-wide *Statement of Net Position* are net of $288.2 million in allowance for doubtful accounts and primarily comprise the following:

- $452.2 million of receivables recorded in the General Fund, of which $57.0 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $363.7 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $9.2 million of patient receivables.

- $592.4 million of student and other receivables of Higher Education Institutions.

- $101.9 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.

- $70.0 million of receivables recorded by the Department of Labor and Employment primarily for unemployment insurance overpayments.

INVENTORIES

Inventories of $303.3 million shown on the government-wide *Statement of Net Position* at June 30, 2021, primarily comprise the following:

- $211.7 million of consumable supplies inventories, of which $106.7 million was recorded in the Disaster Emergency Fund; $42.1 million was recorded by the Department of Natural Resources for the Colorado Water Conservation Board Fund; $41.0 million was recorded in the General Fund; $10.5 million was recorded by Higher Education Institutions; and $9.9 million was recorded for Highways.

- $74.4 million of resale inventories with the majority of $34.5 million for Resource Extraction; $27.1 recorded by Higher Education Institutions; $7.6 million for Highways; and $2.5 million for the Colorado Lottery.

- $8.8 million of warehouse and consignment inventories recorded in the General Fund, and $7.3 million of raw material, work in process, and finished goods inventories recorded by Correctional Industries – a nonmajor enterprise fund.

PREPAIDS, ADVANCES, AND DEPOSITS

Prepaids, Advances, and Deposits of $159.7 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $28.3 million advanced to Colorado counties by the General Purpose Revenue Fund primarily related to emergency management and social assistance programs.

- $22.7 million prepaid by Higher Educational Institutions, of which $4.2 million primarily related to cash payments for library subscriptions at Colorado State University.

- $18.5 million prepaid from the Marijuana Tax Cash Fund was to designated service organizations by the Department of Human Resources primarily for behavioral health.

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

- $8.0 million advanced by the Office of Economic Development for grants from the Advance Industries program.

- $6.9 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.

- $6.8 million prepaid by the Governor's Office of Information Technology primarily for multi-year maintenance and licensing agreements.

- $5.7 million prepaid by the Department of Transportation for the Owners Controlled Insurance Program (OCIP) on substantially large highway construction projects.

- $5.4 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 $878.1 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 $160.2 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 $602.8 million of Other Long-Term Assets shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Highway Users Tax Fund ($31.5 million), a non-major special revenue fund, and the Resource Extraction Fund ($498.9 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 $114.2 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 a custodial fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2021 and 2020, the treasurer had $82.1 million and $76.9 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 $12.9 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)	$ 1,022,560
Investments:	
Governmental Activities	19,193,810
Business-Type Activities	4,517,942
Fiduciary Activities	11,492,751
Total	$ 36,227,063
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 14,621,236
Add: Warrants Payable Included in Cash	619,597
Total Cash and Pooled Cash	15,240,833
Add: Restricted Cash	3,490,251
Add: Restricted Investments	1,462,989
Add: Investments	16,032,990
Total	$ 36,227,063

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 custodial 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	Highway Users Tax	Other Governmental	Total
NOT SUBJECT TO CUSTODIAL CREDIT RISK					
U.S. Treasury Bills	$ 339,997	$ -	$ -	$ -	$ 339,997
U.S. Treasury Notes/Bonds	2,589,580	-	-	165,730	2,755,310
U.S. Agency Securities (Not Explicitly Guaranteed)	602,333	-	-	24,503	626,836
Commercial Paper	2,709,359	-	-	-	2,709,359
Corporate Bonds	4,949,759	-	-	579,498	5,529,257
Municipal Bonds	187,832	-	-	9,361	197,193
Money Market Mutual Funds	3,810,000	-	-	1,020	3,811,020
Asset-Backed Securities	479,347	-	-	24,431	503,778
Mortgage-Backed Securities	1,943,949	12,909	-	220,903	2,177,761
Sovereigns/Supranationals	96,368	-	-	10,822	107,190
Equity Mutual Funds	-	-	-	364,407	364,407
Other	-	-	2,324	53,851	56,175
SUBTOTAL	17,708,524	12,909	2,324	1,469,179	19,192,936
SUBJECT TO CUSTODIAL CREDIT RISK					
Money Market Mutual Funds	-	-	-	874	874
SUBTOTAL	-	-	-	874	874
TOTAL	$ 17,708,524	$ 12,909	$ 2,324	$ 1,470,053	$ 19,193,810

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, 2021. 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	Transportation Enterprise	Total	Fiduciary
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Bills	$ 15,988	$ -	$ 15,988	$ 4,914
U.S. Treasury Notes/Bonds	110,041	-	110,041	4,571
U.S. Agency Securities (Explicitly Guaranteed)	191	-	191	-
U.S. Agency Securities (Not Explicitly Guaranteed)	83,984	-	83,984	-
Commercial Paper	2,003	-	2,003	-
Corporate Bonds	275,463	-	275,463	21,007
Municipal Bonds	759	-	759	1,431
Money Market Mutual Funds	400,862	-	400,862	27,786
Bond Mutual Funds	143,628	-	143,628	43,762
Asset-Backed Securities	193,224	-	193,224	374
Investment In Foundation Pool	636,728	-	636,728	-
Mortgage-Backed Securities	107,887	-	107,887	29,900
Guaranteed Investment Contracts	4,374	-	4,374	-
Corporate Equities	3,108	-	3,108	-
Private Equities	67,206	-	67,206	6,002
Equity Mutual Funds	1,644,474	-	1,644,474	28,139
Other	258,272.00	15,647	273,919	23,609
SUBTOTAL	3,948,192	15,647	3,963,839	191,495
SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Notes/Bonds	168,941	-	168,941	-
U.S. Agency Securities (Explicitly Guaranteed)	13,912	-	13,912	-
U.S. Agency Securities (Not Explicitly Guaranteed)	97	-	97	-
Corporate Bonds	201,819	-	201,819	-
Municipal Bonds	22,795	-	22,795	-
Money Market Mutual Funds	223	-	223	1,184,277
Bond Mutual Funds	31,673	-	31,673	3,956,476
Mortgage-Backed Securities	952	-	952	-
Guaranteed Investment Contracts	-	-	-	172,727
Corporate Equities	10,698	-	10,698	-
Private Equities	-	-	-	-
Equity Mutual Funds	48,599	-	48,599	5,987,153
Balanced Mutual Funds	406	-	406	-
Other	50,952	-	50,952	623
SUBTOTAL	554,103	-	554,103	11,301,256
TOTAL	$ 4,502,295	$ 15,647	$ 4,517,942	$ 11,492,751

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 Pool, 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	Mortgage Backed Securities	Money Market Mutual Funds	Bond Mutual Funds	Sovereigns & Supranationals	Guaranteed Investment Contracts	Other	Total
Treasurer's Pool:											
Long-term Ratings											
Aaa/AAA/AAA	$ -	$ -	$ 184,664	$ 479,347	$ -	$3,810,000	$ -	$ 96,368	$ -	$ 29,639	$ 4,600,018
Aa/AA/AA	602,333	2,709,359	642,161	-	1,943,949	-	-	-	-	158,192	6,055,994
A/A/A	-	-	2,279,340	-	-	-	-	-	-	-	2,279,340
Baa/BBB/BBB	-	-	1,838,611	-	-	-	-	-	-	-	1,838,611
Unrated	-	-	4,983	-	-	-	-	-	-	-	4,983
Total T-Pool	602,333	2,709,359	4,949,759	479,347	1,943,949	3,810,000	-	96,368	-	187,831	14,778,946
Higher Education Institutions:											
Long-term Ratings											
Aaa/AAA/AAA	77	-	6,163	56,427	560	62,031	42	-	-	275	125,575
Aa/AA/AA	311	-	14,426	5,078	-	-	119,816	-	-	14,922	154,553
A/A/A	451	-	55,437	10,785	-	-	-	-	-	931	67,604
Baa/BBB/BBB	2,525	-	50,879	3,840	-	-	-	-	-	-	57,244
Ba/BB/BB	-	-	1,686	48	371	-	-	-	-	-	2,105
B/B/B	-	-	287	69	-	-	-	-	-	-	356
Caa/CCC/CCC	-	-	-	90	-	-	-	-	-	-	90
Short-term Ratings											
P1/MIG1/A-1/F-1	-	2,003	-	-	-	-	-	-	-	-	2,003
Unrated	42,042	-	3,443	28,514	3,206	214	117,669	-	50,489	67,327	312,904
Total Higher Ed	45,406	2,003	132,321	104,851	4,137	62,245	237,527	-	50,489	83,455	722,434
Fiduciary Funds:											
Long-term Ratings											
Aaa/AAA/AAA	-	-	531	155	-	1,697	-	-	-	571	2,954
Aa/AA/AA	-	-	1,767	-	6,917	-	-	-	-	746	9,430
A/A/A	-	-	6,455	-	-	-	-	-	-	114	6,569
Baa/BBB/BBB	-	-	4,217	76	-	-	-	-	-	-	4,293
Unrated	-	-	165	143	-	743,873	4,408,151	-	172,727	-	5,325,059
Total Fiduciary	-	-	13,135	374	6,917	745,570	4,408,151	-	172,727	1,431	5,348,305
All Other Funds:											
Long-term Ratings											
Aaa/AAA/AAA	-	-	14,601	13,668	-	-	-	10,822	-	1,852	40,943
Aa/AA/AA	24,503	-	74,364	1,952	242,697	-	-	-	-	2,363	345,879
A/A/A	-	-	194,969	2,432	228	-	-	-	-	-	197,629
Baa/BBB/BBB	-	-	215,247	3,082	592	-	-	-	-	-	218,922
Ba/BB/BB	-	-	35,577	794	368	-	-	-	-	-	36,740
B/B/B	-	-	37,106	-	-	-	-	-	-	-	37,106
Caa/CCC/CCC	-	-	6,444	-	-	-	-	-	-	-	6,444
Ca/D/DDD	-	-	51	-	-	-	-	-	-	-	51
Unrated	-	-	6,284	2,503	12,909	-	14,653	-	-	-	36,350
Total Other	24,503	-	584,643	24,431	256,794	-	14,653	10,822	-	4,215	920,064
Total	$ 672,242	$2,711,362	$5,679,858	$ 609,003	$2,211,797	$4,617,815	$4,660,331	$ 107,190	$ 223,216	$ 276,932	$21,769,749

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	$ 2,930,703	4.886	$ 296,835	9.747	$ 4,571	2.454	$ 164,604	10.184
U.S. Agency Securities	602,333	6.101	201,800	22.998	-	-	24,503	3.515
Bond Mutual Funds	-	-	196,235	8.600	11,271	3.980	-	-
Commercial Paper	2,709,359	0.183	2,003	0.109	-	-	-	-
Corporate Bonds	4,949,759	7.199	477,283	9.010	13,135	3.673	579,498	8.072
Repurchase Agreements	-	-	67,206	0.666	-	-	-	-
Asset-Backed Securities	479,347	1.651	194,253	17.242	374	0.056	24,431	3.422
Money Market Funds	-	-	61,917	0.098	745,570	0.003	-	-
Municipal Bonds	187,832	10.754	34,246	9.765	1,431	0.389	9,361	25.245
Mortgage-Backed Securities	1,944,148	7.333	4,137	0.398	29,900	4.454	220,704	4.659
Other	96,368	3.180	46,115	1.367	-	-	10,822	6.417
Total Investments	$13,899,849		$ 1,582,030		$ 806,252		$ 1,033,923	

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 $378.0 million with a duration of 7.7 years and a short-term inflation protected securities index fund for $93.0 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
Private Purpose Trust Funds:		
CollegeInvest:		
Bond Mutual Fund-1	$ 1,238,825	6.800
Bond Mutual Fund-2	723,901	7.100
Bond Mutual Fund-3	594,605	1.900
Bond Mutual Fund-4	570,705	8.400
Bond Mutual Fund-5	91,195	6.800
Bond Mutual Fund-6	266,252	2.700
Bond Mutual Fund-7	440,404	3.200

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, 2021. 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, 2021:

	(Amounts in Thousands)			
		Fair Value Measurements Using		
	Fair Value as of June 30, 2021	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	$ 362,905	$ 361,116	$ 1,789	$ -
U.S. Treasury Notes/Bonds	3,038,863	2,919,552	119,311	-
U.S. Agency Securities (Explicitly Guaranteed)	14,103	191	13,912	-
U.S. Agency Securities (Not Explicitly Guaranteed)	710,918	97	710,821	-
Commercial Paper	2,711,362	-	2,711,362	-
Corporate Bonds	6,027,546	7,871	6,019,494	181
Municipal Bonds	222,177	-	222,177	-
Money Market Mutual Funds	5,086,098	5,085,078	1,020	-
Bond Mutual Funds	4,190,192	4,190,192	-	-
Asset-Backed Securities	698,405	-	697,201	1,204
Mortgage-Backed Securities	2,316,500	2,968	2,300,623	12,909
Sovereigns/Supranationals	107,190	-	107,190	-
Guaranteed Investment Contracts	177,101	4,374	-	172,727
Investment in Foundation Pool	636,728	-	-	636,728
Corporate Equities	13,806	13,806	-	-
Private Equities	6,002	-	-	6,002
Equity Mutual Funds	8,072,772	8,040,419	32,353	-
Balanced Mutual Funds	406	406	-	-
Other	152,666	6,857	28,555	117,254
Total	$ 34,545,740	$ 20,632,927	$ 12,965,808	$ 947,005
Total investments measured at NAV	169,604			
Total other investments not valued at fair value	457,549			
Total	$ 35,172,893			

On June 30, 2021, the University of Colorado held an investment in an equity trust valued at $169.6 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 seven days and there were no unfunded commitments as of June 30, 2021.

The University of Colorado also held investments in a repurchase agreement with a contract value of $67.2 million, guaranteed investment agreements with a contract value of $46.1 million, and private equities measured at a cost of $5.3 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, 2021, the University of Colorado held $338.9 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 2021, the State capitalized $17.0 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 $16.2 million, and the High Performance Transportation Enterprise of $0.7 million, and Institutions of Higher Education of $0.1 million.

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

(Amounts in Thousands)	Depreciation Amount
GOVERNMENTAL ACTIVITIES	
General Government	$ 58,658.5
Business, Community and Consumer Affairs	2,487.3
Education	40,823.1
Health and Rehabilitation	12,367.4
Justice	50,800.0
Natural Resources	455.0
Social Assistance	18,329.2
Transportation	321,872.2
Total Depreciation Expense - Governmental Activities	505,792.7
BUSINESS-TYPE ACTIVITIES	
Higher Education	491,505.0
Parks and Wildlife	18,104.0
State Nursing Homes	1,862.6
Unemployment Insurance	2,195.4
Transportation	25,648.7
Social Assistance	5,213.8
Other Enterprise Funds	2,201.3
Total Depreciation Expense - Business-Type Activities	546,730.8
Total Depreciation Expense Primary Government	$ 1,052,523.5

The schedule on the following page shows the capital asset activity during Fiscal Year 2021. The schedule shows that $526.1 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $920.8 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	119,222	$ 20,844	$ -	$ (90)	$ 139,976
Land Improvements	7,752	-	-	-	7,752
Collections	11,213	-	-	-	11,213
Other Capital Assets	12,347	4,118	-	(9,806)	6,659
Construction in Progress (CIP)	1,548,817	779,767	(545,720)	(3,566)	1,779,298
Infrastructure	1,040,339	1,019	19,657	-	1,061,015
Total Capital Assets Not Being Depreciated	2,739,690	805,748	(526,063)	(13,462)	3,005,913
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	81,861	3,275	317	(964)	84,489
Buildings	3,399,414	2,111	217,830	(7,523)	3,611,832
Software	578,925	10,841	8,285	(3,311)	594,740
Vehicles and Equipment	1,029,805	87,559	5,196	(42,953)	1,079,607
Library Materials and Collections	5,482	381	-	(338)	5,525
Other Capital Assets	37,156	134	-	-	37,290
Infrastructure	12,502,697	90,318	294,435	(964)	12,886,486
Total Capital Assets Being Depreciated	17,635,340	194,619	526,063	(56,053)	18,299,969
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(43,573)	(3,759)	-	276	(47,056)
Buildings	(1,272,738)	(89,849)	-	1,280	(1,361,307)
Software	(371,159)	(48,775)	-	2,936	(416,998)
Vehicles and Equipment	(639,522)	(69,269)	-	38,947	(669,844)
Library Materials and Collections	(3,984)	(373)	-	338	(4,019)
Other Capital Assets	(36,635)	(28)	-	-	(36,663)
Infrastructure	(5,411,155)	(293,738)	-	-	(5,704,893)
Total Accumulated Depreciation	(7,778,766)	(505,791)	-	43,777	(8,240,780)
Total Capital Assets Being Depreciated, net	9,856,574	(311,172)	526,063	(12,276)	10,059,189
TOTAL GOVERNMENTAL ACTIVITIES	12,596,264	494,576	-	(25,738)	13,065,102
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	656,790	10,562	7,150	49,120	723,622
Land Improvements	17,041	-	-	-	17,041
Collections	33,148	982	-	20	34,150
Construction in Progress (CIP)	1,529,265	774,906	(928,506)	(77,631)	1,298,034
Other Capital Assets	15,461	8,477	-	-	23,938
Infrastructure	98,042	-	522	-	98,564
Total Capital Assets Not Being Depreciated	2,349,747	794,927	(920,834)	(28,491)	2,195,349
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	890,981	82,283	49,853	(788)	1,022,329
Buildings	10,529,004	54,903	572,203	(2,356)	11,153,754
Software	240,501	47,130	15,227	(46,050)	256,808
Vehicles and Equipment	1,331,747	87,847	14,235	(42,094)	1,391,735
Library Materials and Collections	629,100	21,917	-	(2,851)	648,166
Other Capital Assets	3,874	81	-	-	3,955
Infrastructure	1,308,495	964	269,316	(91,403)	1,487,372
Total Capital Assets Being Depreciated	14,933,702	295,125	920,834	(185,542)	15,964,119
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(491,542)	(41,965)	-	617	(532,890)
Buildings	(4,149,512)	(344,852)	-	966	(4,493,398)
Software	(203,910)	(15,092)	-	45,797	(173,205)
Vehicles and Equipment	(990,524)	(93,619)	-	37,346	(1,046,797)
Library Materials and Collections	(495,963)	(24,208)	-	3,160	(517,011)
Other Capital Assets	(2,027)	(130)	-	-	(2,157)
Infrastructure	(128,355)	(26,865)	-	435	(154,785)
Total Accumulated Depreciation	(6,461,833)	(546,731)	-	88,321	(6,920,243)
Total Capital Assets Being Depreciated, net	8,471,869	(251,606)	920,834	(97,221)	9,043,876
TOTAL BUSINESS-TYPE ACTIVITIES	10,821,616	543,321	-	(125,712)	11,239,225
TOTAL CAPITAL ASSETS, NET	$ 23,417,880	$ 1,037,897	$ -	$ (151,450)	$ 24,304,327

NOTE 6 – DEFINED BENEFIT PENSIONS

Summary of Significant Accounting Policies

The State of Colorado is a participating employer in the State Division Trust Fund ("SDTF") and the Judicial Division Trust Fund ("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 Denver Public Schools Division Trust Fund ("DPS") Divisions. In addition, the University of Colorado offers a single-employer, defined benefit Alternate Medicare Payment pension plan to retirees of its Optional Retirement Plan. 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 Division, DPS Division, and the Alternate Medicare Payment Plan 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.

Recent Legislative Changes

Senate Bill (SB) 18-200 entitled *Modifications To PERA Public Employees' Retirement Association To Eliminate Unfunded Liability* requires a direct distribution from the State Treasury to PERA for $225.0 million annually to reduce unfunded PERA liabilities. The direct distributions are to occur until no unfunded actuarial accrued liabilities exist for any PERA Division Trust. PERA allocates the direct distribution to four PERA Division Trusts in proportion with payroll-based contributions.

House Bill (HB) 20-1379, signed by Governor Polis on June 29, 2020, suspended the July 1, 2020 direct distribution for the State's fiscal year ended June 30, 2021. Due to the suspension, the State of Colorado's nonemployer contributing entity's proportion is zero percent. Refer to the sections below on Net Pension Liability and Pension Expense & Aid to Other Governments for information on the effect to the State's financial statements from the zero percent proportionate share for the State of Colorado as a nonemployer contributing entity.

Pursuant to Section 24-51-414 Colorado Revised Statutes (C.R.S.), the annual direct distribution payment from the State of Colorado resumed on July 1, 2021.

General Information about the Pension Plan

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, 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 Colorado State law provisions from time to time. PERA issues a publicly available comprehensive annual financial report (Annual Report) 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 Sections 24-51-602, 604, 1713, and 1714, C.R.S.

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 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, 2020, 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., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to Section 24-51-413, C.R.S. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers 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 AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in Section 24-51-413, C.R.S.

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 at rates established under Section 24-51-401, C.R.S., *et seq.* and Section 24-51-413, C.R.S. Employee and employer contribution rates for the period July 1, 2020 through June 30, 2021 are presented in the following tables:

State Division Trust Fund	July 1, 2020 Through June 30, 2021
Employee contribution (all employees except State Troopers)	10.00%
State Troopers Only	12.00%

Employee contribution rates for the SDTF are expressed as a percentage of salary as defined in Section 24-51-101(42) C.R.S.

The employer contribution requirements for all employees except State Troopers are summarized in the table below:

State Division Trust Fund	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employer contribution rate	10.90%	10.90%
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)%
Amount apportioned to the SDTF	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	0.05%
Total employer contribution rate to the SDTF	**19.88%**	**19.93%**

The employer contribution requirements for State Troopers are summarized in the table below:

State Division Trust Fund	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employer contribution rate	13.60%	13.60%
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)%
Amount apportioned to the SDTF	12.58%	12.58%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	N/A	0.05%
Total employer contribution rate to the SDTF	**22.58%**	**22.63%**

Contribution rates for the SDTF are expressed as a percentage of salary as defined in Section 24-51-101(42), C.R.S.

Eligible employees and the State are required to contribute to the JDTF at rates established under Section 24-51-401 C.R.S., *et seq.* and Section 24-51-413, C.R.S. Employee and employer contribution rates for the period July 1, 2020 through June 30, 2021 are presented in the following tables:

Judicial Division Trust Fund	July 1, 2020 Through June 30, 2021
Employee contribution	15%

Judicial Division Trust Fund	July 1, 2020 Through December 31, 2020	January 1, 2021 Through June 30, 2021
Employer contribution rate	9.41%	9.41%
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)%
Amount apportioned to the JDTF	8.39%	8.39%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	3.80%	4.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	3.80%	4.20%
Total employer contribution rate to the JDTF	**15.99%**	**16.79%**

Contribution rates for the JDTF are expressed as a percentage of salary as defined in Section 24-51-101(42), C.R.S.

As specified in Section 24-51-414 C.R.S., the State is required to contribute $225.0 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF and JDTF based on the proportionate amount of annual payroll of those division trust funds to the total annual payroll of each trust to the School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SDTF and JDTF is considered a nonemployer contribution for financial reporting purposes. As noted above, House Bill (HB) 20-1379 suspended the $225.0 million direct distribution for July 1, 2020 which relates to the State's fiscal year ended June 30, 2021.

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 JDTF. Employer contributions made by the State to the SDTF and to the JDTF were $626.0 million and $8.5 million, respectively, for the year ended June 30, 2021.

Net Pension Liability

The net pension liability for the SDTF and for the JDTF were measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. 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 2020 relative to the total contributions of all participating employers and the nonemployer contributions made by the State to the SDTF and to the JDTF.

The State reports a net pension liability in accordance with the requirements of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions* using the Schedule of Employer and Nonemployer Allocations and Schedule of Collective Pension Amounts published by PERA. The Schedule of Employer and Nonemployer Allocations for PERA's fiscal year ended December 31, 2020 reports a proportionate share of zero percent for the State of Colorado as a nonemployer contributing entity due to the suspension of the July 1, 2020 direct distribution payment. The zero percent proportionate share resulted in no liability attributable to employees of other governments at June 30, 2021 as well as no proportionate share of collective pension expense for the fiscal year ended June 30, 2021. Pursuant to Section 24-51-414 C.R.S., the direct distribution payment from the State of Colorado recommenced on July 1, 2021 and the State will resume reporting a component of its net pension liability attributable to employees of other governments for its fiscal year ending June 30, 2022. Refer to the last four tables in Note RSI-2 for historical information on the State of Colorado's proportionate share of collective pension amounts as a nonemployer contributing entity. Historical information on the collective pension amounts is available in the Required Supplementary Information section of PERA's Comprehensive Annual Financial Report available at https://www.copera.org/investments/pera-financial-reports.

For purposes of GASB 68 paragraph 15, a circumstance continues to exist in which a nonemployer contributing entity is legally responsible for making contributions to the State, Judicial, School and DPS Division Trust Funds and is considered to meet the definition of a special funding situation.

At June 30, 2021, the State reported a total liability of $9.1 billion for its proportionate share of the net pension liability. 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	$ 9,066,999	$ 57,929	-	-	$ 9,124,928
Employees of other governments	-	-	-	-	-
Total	$ 9,066,999	$ 57,929	$ -	$ -	$ 9,124,928

Proportionate Share

The State's proportions at December 31, 2019, December 31, 2020, and how the proportions increased or decreased are presented in the following table:

As a Participating Employer			
	Proportionate Share		
PERA Division	12/31/2019	12/31/2020	Increase (Decrease)
State	95.49%	95.60%	0.11%
Judicial	94.28%	93.49%	-0.79%

As a Governmental Nonemployer Contributing Entity			
	Proportionate Share		
PERA Division	12/31/2019	12/31/2020	Decrease
State	0.51%	0.00%	-0.51%
Judicial	0.64%	0.00%	-0.64%
School	11.26%	0.00%	-11.26%
DPS	30.71%	0.00%	-30.71%

Pension Expense & Aid to Other Governments

For the year ended June 30, 2021, 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	$ (1,880,214)	$ (15,026)	-	-	$ (1,895,240)
Aid to other governments*	1,706	37	74,647	3,373	79,763
Total	$ (1,878,508)	$ (14,989)	$ 74,647	$ 3,373	$ (1,815,477)

* Amortization of employer-level deferrals only. Due to the suspension of the PERA direct distribution in Fiscal Year 2021, this does not include amounts for a proportionate share of collective pension expense since the proportionate share was zero.

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, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

State Division Trust Fund

	Deferred Outflows of Resources Related to		Deferred Inflows of Resources Related to	
(Amounts in thousands)	State's Own Employees	Employees of Other Governments	State's Own Employees	Employees of Other Governments
Difference between expected and actual experience	$ 224,071	$ -	$ -	$ -
Changes of assumptions or other inputs	615,665	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	1,855,773	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	246,008	-	236,216	43,694
Contributions subsequent to the measurement date	311,594	-	-	-
Total	$ 1,397,338	$ -	$ 2,091,989	$ 43,694

Deferred outflows of resources of $311.6 million 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, 2022. 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)
2022	(83,239)
2023	(44,866)
2024	(630,940)
2025	(290,830)
2026	-
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	$ 12,722	$ -	$ -	$ -
Changes of assumptions or other inputs	671	-	39,662	-
Net difference between projected and actual earnings on pension plan investments	-	-	41,646	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	322	676	1,397	1,025
Contributions subsequent to the measurement date	4,322	-	-	-
Total	$ 18,037	$ 676	$ 82,705	$ 1,025

Deferred outflows of resources of $4.3 million 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, 2022. 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)
2022	(28,673)
2023	(23,208)
2024	(11,642)
2025	(5,674)
2026	(142)
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.

School & DPS Division Trust Funds

(Amounts in thousands)	Deferred Outflows of Resources		Deferred Inflows of Resources	
	School Division	DPS Division	School Division	DPS Division
Difference between expected and actual experience	$ -	$ -	$ -	$ -
Changes of assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	497,435	114,418	1,880,940	191,135
Total	$ 497,435	$ 114,418	$ 1,880,940	$ 191,135

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)
2022	-
2023	(253,558)
2024	(747,680)
2025	(458,984)
2026	-
Thereafter	-

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division Trust Fund	Judicial Division Trust Fund	School Division Trust Fund	DPS Division 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	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Post-retirement benefit increases:				
PERA benefit structure hired prior to 1/1/07	1.25 percent	1.25 percent	1.25 percent	1.25 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	Financed by the Annual Increase Reserve	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.

Post-retirement non-disabled mortality assumptions 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 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.

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

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

	State Division Trust Fund	Judicial Division Trust Fund	School Division Trust Fund	DPS Division Trust Fund
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30 percent	2.30 percent	2.30 percent	2.30 percent
Real wage growth	0.70 percent	0.70 percent	0.70 percent	0.70 percent
Wage inflation	3.00 precent	3.00 precent	3.00 precent	3.00 precent
Salary increases, including wage inflation	3.50 - 10.90 percent	2.80 - 5.30 percent	3.40 - 11.00 percent	3.80 - 11.50 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	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Post-retirement benefit increases:				
PERA benefit structure hired prior to 1/1/07	1.25 percent	1.25 percent	1.25 percent	1.25 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	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.

- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the SDTF, 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.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
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 percent.

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 3.00 percent.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the 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 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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, as a nonemployer contributing entity, will provide an annual direct distribution of $225.0 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. HB 20-1379 suspended the $225.0 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.

- 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 FNP, 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 FNP 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 rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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	$ 12,548,660	$ 9,484,793	$ 6,912,250
Judicial Division Trust Fund	111,151	61,960	19,819
School Division Trust Fund	-	-	-
DPS Division Trust Fund	-	-	-

Pension plan fiduciary net position. Detailed information about the SDTF's fiduciary net position is available in PERA's Annual Report which can be obtained at: www.copera.org/investments/pera-financial-reports.

Payables to the PERA Defined Benefit Pension Plan

A short-term payable of approximately $3.0 million existed at June 30, 2021 for employer and employee contributions due to PERA. C.R.S. 24-51-401 requires employer, employee, and retiree contributions be remitted to PERA within five days after the date the members and retirees are paid. PERA Rule 4.10-A specifies that employers are responsible for payment of interest computed on a daily rate for contributions not remitted timely.

Alternate Medicare Payment

Plan description. The University of Colorado offers an Alternate Medicare Payment (AMP) to retirees of the University of Colorado Optional Retirement Plan (ORP) participating in Medicare as an alternative to healthcare coverage provided under the University OPEB Plan (University OPEB). The AMP is a single- employer, defined benefit, pension plan established by the University who also administers and has the authority to amend benefits (e.g., ad hoc postemployment benefit changes). No assets are accumulated in a trust as the University funds the AMP on a pay-as-you-go basis. No stand-alone financial report is issued, and the AMP is not included in the report of a public employee retirement system.

Benefits. A participant must be in a benefits-eligible position at 50 percent or greater appointment immediately preceding retirement and have met the required number of service years. Only ORP retirees participating in Medicare are eligible to receive AMP benefits. The AMP is available to the employee and eligible spouse/same gender domestic partner. AMP benefits are not provided for dependent children. The AMP is non-contributory for the retiree and provides a monthly, non-salary dependent, cash payment to offset healthcare-related costs. As the monthly cash payments are not restricted as to use, they are considered a pension benefit rather than OPEB. Since the AMP's inception, monthly cash payments have been $154 for a retiree, $262 for a retiree plus spouse/same gender domestic partner, and $108 for a surviving spouse.

Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2019. Table 10.8 is a summary of the employees covered by the benefit terms used in the valuation.

Table 10.8. Employees Covered by AMP's Benefit Terms

Active employees	13,619
Retirees and beneficiaries currently receiving benefit payments	685
Retirees and beneficiaries entitled to but not yet receiving benefit payments	214
Total	**14,518**

Total Pension Liability. The AMP's total pension liability at June 30, 2021 of $119.8 million was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date. The AMP's total pension liability at June 30, 2020 of $90.2 million was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date. The University contributed $1.8 million for the years ended June 30, 2021 and 2020.

Actuarial Assumptions and Other inputs. The AMP's total pension liability in the June 30, 2020 actuarial valuation was determined using the actuarial assumptions and other inputs in Table 10.9, applied to all periods included in the measurement, unless otherwise specified.

Table 10.9. AMP's Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry
age Inflation rate	2.50%
Salary increases	PERA's 12/31/2020 assumption for the State Division (Non-Troopers)
Discount rate	2.20%
Benefit cost trend rate	2.50%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based upon the PUB-2010 Amounts-Weighted Teachers Classification Table for Employees with generational projection using Scale MP-2020.

With the exception of the mortality assumption, the demographic assumptions are based upon Colorado PERA's "Experience Study for the Four Year Period Ending December 31, 2015" for the State Division (Non-Troopers).

Changes in the Total Pension Liability. Table 10.10 details the changes in the AMP's total pension liability during Fiscal Years 2021 and 2020.

Table 10.10. Reconciliation of AMP's Total Pension Liability (*in thousands*)

		Fiscal Year Ending June 30	
		2021	**2020**
Total pension liability, beginning of year	$	90,199	83,212
Changes recognized for the fiscal year:			
Service cost		4,854	4,360
Interest on total AMP liability		3,295	3,339
Differences between expected and actual experience		(124)	(3,865)
Changes of assumption		23,408	4,845
Estimated benefit payments		(1,828)	(1,692)
Net changes		29,605	6,987
Total pension liability, end of year	$	119,804	90,199

Changes of assumptions and other inputs reflect:

- Discount rate changed from 3.50 percent to 2.20 percent.
- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale MP-2019 to PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

Sensitivity of the total pension liability to changes in the discount rate.

Table 10.11 presents the total pension liability of the AMP, as well as what the AMP's total pension 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.

Table 10.11. Sensitivity of AMP's Total Pension Liability to Changes in the Discount Rate *(in thousands)*

		1% Decrease	**Current Rate**	**1% Increase**
Fiscal Year Ended June 30		**1.20%**	**2.20%**	**3.20%**
2021	$	145,137	119,804	100,082
		1% Decrease	**Current Rate**	**1% Increase**
		2.50%	**3.50%**	**4.50%**
2020	$	107,998	90,199	76,242

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension.

The University recognized $12.1 million and $8.9 million of pension expense for the AMP in Fiscal Years 2021 and 2020, respectively. Table 10.12 presents the AMP's deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of June 30, 2021 and 2020.

Table 10.12. AMP Deferred Outflows of Resources and Deferred Inflows of Resources *(in thousands)*

		2021		2020	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$	32,015	1,684	13,834	2,058
Differences between expected and actual experience		-	4,942	-	5,721
Benefit payments subsequent to the measurement date		1,819	-	1,828	-
Total	**$**	**33,834**	**6,626**	**15,662**	**7,779**

The $1.8 million reported as deferred outflows of resources as of June 30, 2021, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction to the AMP's total pension liability in the year ended June 30, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as summarized in Table 10.13.

Table 10.13. Future Amortization of AMP's Deferred Outflows of Resources and Deferred Inflows of Resources *(in thousands)*

Years ending June 30:		
2022	$	3,950
2023		3,950
2024		3,950
2025		3,310
2026		3,050
2027-2029		7,179
Total	**$**	**25,389**

Table 10.14 lists the amortization bases included in the AMP's deferred outflows and inflows of resources as of June 30, 2021.

Table 10.14. Amortization of AMP Deferred Outflows of Resources and Deferred Inflows of Resources *(in thousands)*

Date		Period			Balance		Annual
Established	Type of Base	Original	Remaining		Original	Remaining	Amortization
July 1, 2016	Differences between expected and actual experience	8.5	3.5	$	(101)	(41)	(12)
July 1, 2016	Changes in assumptions	8.5	3.5		10,999	4,529	1,294
July 1, 2017	Differences between expected and actual experience	8.5	4.5		(3,377)	(1,789)	(397)
July 1, 2017	Changes in assumptions	8.5	4.5		(3,180)	(1,684)	(374)
July 1, 2018	Differences between expected and actual experience	8.3	5.3		(109)	(70)	(13)
July 1, 2018	Changes in assumptions	8.3	5.3		4,940	3,155	595
July 1, 2019	Differences between expected and actual experience	8.3	6.3		(3,865)	(2,933)	(466)
July 1, 2019	Changes in assumptions	8.3	6.3		4,845	3,677	584
July 1, 2020	Differences between expected and actual experience	8.5	7.5		(124)	(109)	(15)
July 1, 2020	Changes in assumptions	8.5	7.5		23,408	20,654	2,754
			Total changes		**$**	**25,389**	**3,950**

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.

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 $31.7 million for the year ended June 30, 2020.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

At June 30, 2021 the State reported a liability of $313.2 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The State's proportion of the net OPEB liability is based on contributions to the HCTF from the State for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2020, the State's proportion was 32.96 percent, which was an increase of 0.21 percent from its proportion measured as of December 31, 2019.

For the fiscal year ended June 30, 2021, the State recognized OPEB expense of $6.0 million. At June 30, 2021, 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	$ 831	$ 68,859
Changes of assumptions or other inputs	2,340	19,206
Net difference between projected and actual earnings on pension plan investments	-	12,798
Changes in proportion and differences between contributions recognized and proportionate share of contributions	16,152	20,846
Contributions subsequent to the measurement date	15,600	-
Total	$ 34,923	$ 121,709

$15.6 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, 2022. 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)
2022	$ (24,316)
2023	(22,525)
2024	(24,731)
2025	(22,531)
2026	(7,789)
Thereafter	(494)

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 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	8.10 percent in 2020, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2020, gradually increasing to 4.50 percent in 2029
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, 2019, valuation 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 2020 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	$588	$227
Kaiser Permanente Medicare Advantage HMO	$621	$232

The 2020 Medicare Part A premium is $458 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
Medicare Advantage/Self-Insured Prescription	$550
Kaiser Permanente Medicare Advantage HMO	$586

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

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.

Post-retirement non-disabled 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.

Post-retirement non-disabled 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 actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	**School Division**	**Local Government Division**	**Judicial Division**
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%*	N/A

* C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation 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 2020 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.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.
The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
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 percent.

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:

Sensitivity - Health Care Cost Trend Rates

(Amounts in thousands)	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A	2.50%	3.50%	4.50%
Ultimate Medicare Part A	3.50%	4.50%	5.50%
Net OPEB Liability	$305,099	$313,194	$322,618

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, 2019, 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 percent.
- 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.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- 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 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 Net OPEB Liability	$ 358,770	$ 313,194	$ 274,254

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

Payables to the PERA Health Care Trust OPEB Plan

A short-term payable of approximately $300 thousand existed at June 30, 2021 for employer and employee contributions due to PERA. Section 24-51-401(1.7)(a)(I), C.R.S. requires employer, employee, and retiree contributions be remitted to PERA within five days after the date the members and retirees are paid. PERA Rule 4.10-A specifies that employers are responsible for payment of interest computed on a daily rate for contributions not remitted timely.

University of Colorado Healthcare and Life Insurance Subsidy (University OPEB)

Plan description. University OPEB provides OPEB for University employees who participate in either the University of Colorado Optional Retirement Plan (ORP) or the University of Colorado PERA Retirement Plans (PERA). University OPEB is a single-employer, defined benefit, OPEB plan administered by the University, and established by the Regents (Regent Policy 11.F Benefits) who have the authority to amend plan provisions. No assets are accumulated in a trust that meets the criteria established in GAAP, as the University funds University OPEB on a pay-as-you-go basis. No stand-alone financial report is issued, and University OPEB is not included in the report of a public employee retirement system.

Benefits. The University subsidizes a portion of healthcare and life insurance premiums for retirees on a pay-as-you-go basis. All employees in a benefit-eligible position at 50 percent or greater appointment immediately preceding retirement are eligible to participate based on age and years of service. Spouses/partners, surviving spouses/partners, and dependents are eligible for benefits. The University specifies the maximum amount that it will contribute towards retiree healthcare benefits at the beginning of each coverage period. The retiree is required to make up the difference between the total cost and the amount contributed by the University. Benefits are not dependent on salary. For non-Medicare retirees, the subsidy for medical plans ranges from $562 per month to $1,567 per month depending on the number of individuals covered. For Medicare retirees, the subsidy ranges from $406 per month to $1,030 per month depending on the number of individuals covered. For dental plans, the subsidy ranges from $0 per month to $58 per month. The amount of life insurance offered is the lesser of 25 percent of the employee's pre-retirement benefit or $3,000. It is assumed for purposes of this report that everyone is eligible for the maximum life insurance benefit of $3,000.

For ORP retirees, normal retirement benefits are available at age 55 with 20 years of service. Early retirement benefits begin at age 55 with 15 years of service. For PERA retirees, normal retirement benefits begin at 20 years of service and the individual must meet requirements as defined by PERA. The individual must retire with PERA concurrent with or prior to retirement from the University. Early retirement is available with fewer than 20 years of service. Healthcare benefits for PERA retirees cease at age 65. Following the death of an active employee, the surviving spouse receives 100 percent of the University contribution for a period of two years. After two years, the surviving spouse receives the portion of the University contribution that the employee earned immediately prior to death.

The percentage of the University contribution the retiree receives is based on the retiree's years of service at retirement divided by the required number of years of service. Enrollment in University OPEB is voluntary. University and participant payments for healthcare benefits are paid to the University of Colorado Health and Welfare Trust which is responsible for administration of healthcare benefits. The University contributed $14.4 million for the fiscal year ended June 30, 2021.

Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2019. The following table presents a summary of the employees covered by the benefit terms used in the valuation.

	Healthcare		**Life Insurance**	
	ORP	**PERA**	**ORP**	**PERA**
Active employees	13,619	5,085	14,973	5,533
Retirees and beneficiaries	1,380	646	1,910	3,060
Total	**14,999**	**5,731**	**16,883**	**8,593**

Total OPEB Liability. The University OPEB's total OPEB liability at June 30, 2021 of $941.6 million was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the actuarial assumptions and other inputs in the following table, applied to all periods included in the measurement, unless otherwise specified.

University OPEB's Actuarial Assumptions and Other Inputs	
Actuarial cost method	Entry age
Inflation	2.40%
Salary increases	PERA's 12/31/2020 assumption for the State Division (Non-Trooper
Discount rate	2.20%

Healthcare Cost Trend Rates:

	Non-Medicare			Medicare		
Year	Medical	Rx	Contributions	Medical	Rx	Contributions
2019-2020	6.0%	9.0%	6.7%	4.9%	9.0%	7.6%
2020-2021	5.8%	8.5%	6.4%	4.9%	8.5%	7.3%
2021-2022	5.6%	8.0%	6.2%	4.8%	8.0%	7.0%
2022-2023	5.4%	7.5%	5.9%	4.8%	7.5%	6.7%
2023-2024	5.3%	7.0%	5.7%	4.7%	7.0%	6.3%
2024-2025	5.1%	6.5%	5.5%	4.7%	6.5%	6.0%
2025-2026	5.0%	6.0%	5.2%	4.6%	6.0%	5.6%
2026-2027	4.8%	5.5%	5.0%	4.5%	5.5%	5.2%
2027-2028	4.7%	5.0%	4.7%	4.5%	5.0%	4.9%
2028-2029+	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

Dental trend rate 4.50% in all years.

Administrative expense trend rate is 3.00% in all years.

Retirees' Share of Benefit Related Costs:

Plan	Retiree Only	Retiree and Spouse or Partner
Kaiser Medical	$ 109.00	$ 296.50
Exclusive Medical	$ 50.50	$ 184.50
High Deductible Medical	$ -	$ 15.00
Medicare Primary Medical	$ 41.31	$ 207.30
Essential Dental	$ -	$ 16.50
Choice Dental	$ 17.00	$ 51.50
Premier Dental	$ 46.50	$ 82.50

The discount rate was based upon the Bond Buyer General Obligation 20-Bond Municipal Bond Index.

Mortality rates were based upon the PubT.H-2010 – Healthy Retiree Table for Males or Females, as appropriate, with generational projection using Scale MP-2020.

With the exception of the mortality assumption, the demographic assumptions are based upon Colorado PERA's "Experience Study for the Four Year Period Ending December 31, 2015" for the State Division (Non-Troopers).

Changes in the Total OPEB Liability. The following table details the changes in the University's total OPEB plan liability during fiscal year 2021.

Reconciliation of University OPEB's Total OPEB Liability *(in thousands)*	Total OPEB Liability
Balance recognized at June 30, 2020	$ 712,892
Changes recognized for the fiscal year:	
Services cost	49,138
Interest on total OPEB liability	26,392
Differences between expected and actual experience	287
Changes of assumption	168,948
Benefit payments	(16,062)
Net changes	228,703
Balance recognized at June 30, 2021	$ 941,595

Changes of assumptions and other inputs reflect:

- Discount rate changed from 3.50 percent to 2.20 percent.

- Mortality table was updated from PUB-2010 “Teachers” table with generational projection using Scale PM-2019 to the PUB-2010 “Teachers” table with generational projection using Scale MP-2020.

Sensitivity of the total OPEB liability to changes in the discount rate. The following table presents the total OPEB liability of the University OPEB, as well as what University OPEB’s total OPEB 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 for the fiscal year ended June 30, 2021.

Sensitivity of University OPEB's Total OPEB Liability to Changes in the Discount Rate (in thousands)

Fiscal year ended	1% Decrease 1.20%	Discount Rate 2.20%	1% Increase 3.20%
June 30, 2021	1,122,721	941,595	799,768

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following table presents the total OPEB liability of the University OPEB, as well as what the University OPEB’s total OPEB 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 for the fiscal year ended June 30, 2021.

Sensitivity of University OPEB's Total OPEB Liability to Changes in the Healthcare Cost Trend Rate (in thousands)

Fiscal year ended	1% Decrease	Trend Rate	1% Increase
June 30, 2021	770,782	941,595	1,169,982

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University recognized $56.8 million in OPEB expense for the University OPEB Plan in fiscal year 2021. There are no assets accumulating in trust for the University OPEB plan. The following table illustrates the deferred outflows and inflows of resources from various sources as of June 30, 2021.

University OPEB's Deferred Outflows and Inflows of Resources *(in thousands)*

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	250	193,066
Changes in Assumptions	171,257	21,322
Contributions subsequent to the measurement date	14,407	-
Total	185,914	214,388

The $14.4 million reported as deferred outflows of resources as of June 30, 2021, resulting from contributions subsequent to the measurement date, will be recognized as a reduction to the University's OPEB liability in the year ending June 30, 2022.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as shown in the following table.

Future Amortization of University OPEB's Deferred Outflows of Resources and Inflows of Resources (in thousands)

Years ending June 30:	
2022	$ (18,681)
2023	(18,681)
2024	(18,681)
2025	(7,813)
2026	(2,846)
2027-2028	23,821
Total	$ (42,881)

Amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2021 are presented in the following table.

Amortization of University OPEB's Deferred Outflows of Resources and Deferred Inflows of Resources *(in thousands)*

Date Established	Type of Base	Period Original	Period Remaining	Balance Original	Balance Remaining	Annual Amortization
July 1, 2017	Differences between expected and actual experience	7.4	3.4	$ (87,654)	(40,274)	(11,845)
July 1, 2017	Changes in assumptions	7.4	3.4	(46,406)	(21,322)	(6,271)
July 1, 2018	Differences between expected and actual experience	7.5	4.5	(1,728)	(1,038)	(230)
July 1, 2018	Changes in assumptions	7.5	4.5	35,919	21,552	4,789
July 1, 2019	Differences between expected and actual experience	7.5	5.5	(209,938)	(151,754)	(27,592)
July 1, 2019	Changes in assumptions	7.5	5.5	3,678	2,698	490
July 1, 2020	Differences between expected and actual experience	7.7	6.7	287	250	37
July 1, 2020	Changes in assumptions	7.7	6.7	168,948	147,007	21,941
				Total	$ (42,881)	$ (18,681)

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 2020, 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 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.

For the fiscal year ended June 30, 2021, the State offered two statewide, self-funded PPO options administered by Cigna 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.

B. DEFINED CONTRIBUTION RETIREMENT PLANS

Defined Contribution Retirement Plan (PERA 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). Pursuant to C.R.S. § 24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. 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 Annual 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 10.00 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 12.00 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, 2021
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%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413[1]	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505[1]	0.25%
Total employer contribution rate to the SDTF[1]	**10.75%**

[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 16.80 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. For the Fiscal Year ending June 30, 2021, the State of Colorado recognized pension expense of $16.8 million for the PERA DC Plan.

University of Colorado - Optional Retirement Plan

Under the University's optional retirement plan (ORP), a 401(a) plan, 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, 2021, 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 $170.0 million.

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.

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)

- AIG Retirement Services (AIG)

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 12.0 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 10.8 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. For the year ended June 30, 2020, the System's contribution to the defined contribution retirement plan was equal to 11.5 percent of covered payroll, and the employee contribution was equal to 8 percent of covered payroll. The System's contribution under the ORP approximated $55.2 million during the year ended June 30, 2021.

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 with $450.0 million of property loss insurance ($1,000,000 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). Liability 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 and CSU-Global), 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, CorVel Corporation, to administer its plan. The State reimburses CorVel 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. The State also maintains a fully insured health plan with Kaiser that is separate from the self-funded plan. In Fiscal Year 2021, the State recovered $4.8 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 $14.1 million of insurance recoveries during Fiscal Year 2021. Of that amount approximately $6.3 million was related to asset impairments that occurred in prior years. The remaining $7.7 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $4.8 million, as noted above), a Pension and Other Employee Benefits Fund, and $2.0 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. The Fund's liabilities are projected on a semi-annual basis by an actuary, Willis Towers Watson. The risks of loss are related to workers' compensation, auto, property and general liability claims. The University has purchased excess insurance to cover losses over its' self-insured retention (SIR), which varies by line of coverage and policy year. The current SIR levels are $500,000 per property claim, $1.5 million per workers' compensation claim, and $1.25 million per general liability claim. Tort claims are subject to the governmental immunity act, and damages are capped for specified areas at $350,000 per person and $990,000 per occurrence. There were no significant reductions in insurance coverage in Fiscal Year 2021 and there were four claims that exceeded coverage in the past three fiscal years: two Property, one General Liability, and one Workers' Compensation.

University of Colorado Anschutz Medical Campus and its faculty and staff are self-insured for medical malpractice liability under the terms of the Colorado Governmental Immunity Act. The University of Colorado Self-Insurance Trust was authorized and established by the Board of Regents under the limits of governmental immunity. For claims outside of governmental immunity, the Trust has purchased a stop-loss policy to cover claims greater than $500,000 per claimant and $1.5 million per occurrence. The policy provides $15.0 million coverage in aggregate annually. There were no reductions of insurance coverage in Fiscal Year 2021. Over the past three years, the plan has collected $141,531 from the stop-loss insurance carrier for settlements in excess of the individual stop-loss insurance coverage.

The University of Colorado Graduate Medical Education (GME) Health Benefits Program is a comprehensive health and dental insurance program for physicians in training at the Anschutz Medical Campus. Coverage includes major medical, outpatient, lab, x-ray, prescriptions and personal psychiatric services for residents plus their immediate family (spouses and children). The plan's exposure to loss results from medical and dental claims filed on behalf of the enrolled members after receiving medical and dental services from qualified health care providers. Excess risk exposure is covered by the purchase of stop-loss insurance, which entitles GME to get reimbursement for claims exceeding $325,000 per individual and per plan year. There were no reductions of insurance coverage in Fiscal Year 2021 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $5.7 million from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years. There was a high-cost claimant incurred in Fiscal Year 2020 with a result of $5.1 million in reimbursements. 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 $15.0 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 2021, however, the University collected $141,531 from the stop-loss insurance carrier for settlements in excess of the individual stop-loss insurance coverage.

Colorado State University medical, dental, short-term disability, liability and workers' compensation liabilities are based on a calculation using past experience and current data. CSU also purchases re-insurance which covers individual health care claims of more than $350,000 in any plan (calendar) year. The health care plans have reserves that are set by the University based upon the underwriting review by our benefits consultant and our third-party administrator. Workers comp, liability and property liability also have reserve accounts established. CSU instructs an actuarial company to perform an annual actuarial study of CSU's Workers' Compensation and Liability self-insurance programs. CSU is self-insured for liability insurance and carries Excess Public Liability for claims exceeding $500,000 per occurrence. CSU is liable for the first $500,000 and purchases excess liability in the amount of $25.0 million per occurrence in two layers: the first layer of $10.0 million with Brit (Lloyds of London), with a sexual abuse sublimit of $5.0 million, and an additional layer of $10.0 million with Munich RE, and Brit providing an additional layer of $5.0 million. CSU carries excess Workers Compensation. Under this coverage CSU is liable for the first $500,000 and Safety National Casualty Company covers the rest up to Workers' Compensation's statutory limits. CSU carries excess insurance for property insurance with FM Global which provides coverage up to $1.0 billion per occurrence after CSU covers the first $100,000. CSU purchases a standalone Fine Arts/Special Collections policy with limits of $30.0 million. CSU carries Cyber Risk Liability Insurance with Lloyds of London with a liability limit of $10.0 million after the following deductible amounts are met: $250,000 for cyber extortion, and $10,000 for crisis management and public relations. CSU has International Liability Insurance with Great Northern Insurance Company for $1.0 million. CSU carries Non-Owned Aviation Liability Insurance (Non-Owned) with Starr Aviation with a liability limit of $50.0 million after CSU pays the $1,000 deductible for each occurrence. CSU also carries UAV (Unmanned Aerial Vehicles) Liability Insurance with Global Aerospace with a single limit of $1.0 million per occurrence. Insurance policies are reviewed regularly for gaps in coverage, and where appropriate additional coverage may be purchased. In Fiscal Year 2019, additional limits of $1.0 million were purchased for social engineering coverage. As of March 1, 2016, CSU purchased liability, professional liability and pollution liability for all CEMML (Center for Environmental Management of Military Lands) operations, including their prescribed burn operations. This insurance included a primary layer of $2.0 million aggregate, an umbrella layer of $5.0 million, and an excess layer of $5.0 million. Effective October 2017 CSU purchased additional limits of $50.0 million for CEMML operations, including additional responsibility for prescribed burning. There were no significant reductions in insurance coverage in Fiscal Year 2021, 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 of Northern Colorado 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). There were no significant reductions in insurance coverage in Fiscal Year 2021, 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 2021, 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 ($10,000 deductible), $4.0 million of employment practices liability ($50,000 deductible), $3.0 million of umbrella liability ($10,000 self-insured retention), $1.0 million of employee dishonesty ($25,000 deductible), $1.1 billion of property ($100,000 deductible), $725,000 of inland marine ($5,000 deductible), $1.0 million of aviation ($0 deductible), $5.0 million of cybersecurity coverage ($50,000 deductible) and $4.0 million of foreign coverage ($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 2021, 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 2021, 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 $571.7 million ($10,000 deductible), $2.0 million of general liability ($0 deductible), and $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 2021 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 2021, 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 2021 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 2021 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 2021, 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). There were no significant reductions in insurance coverage in Fiscal Year 2021 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages liability risks primarily through the purchase of insurance. The University has purchased a property policy that will cover the replacement costs of all real or personal property, a $2.0 million aggregate general liability policy ($1,000 deductible), auto, fidelity, and a $10.0 million aggregate umbrella policy. 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 2021 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				
2020-21	27,954	(6,400)	(3,941)	25,495
2019-20	22,076	12,695	6,817	27,954
2018-19	22,399	4,007	4,330	22,076
Workers' Compensation				
2020-21	104,030	25,262	32,496	96,796
2019-20	118,210	16,170	30,350	104,030
2018-19	126,908	22,011	30,709	118,210
Group Benefit Plans:				
2020-21	22,928	293,995	295,862	21,061
2019-20	20,935	262,537	260,544	22,928
2018-19	18,459	246,177	243,701	20,935
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2020-21	17,621	7,531	6,438	18,714
2019-20	19,308	5,520	7,207	17,621
2018-19	16,769	9,512	6,973	19,308
University of Colorado Denver:				
Graduate Medical Education Health Benefits Program				
2020-21	2,502	13,293	14,119	1,676
2019-20	2,832	10,470	10,800	2,502
2018-19	2,689	13,856	13,713	2,832
Medical Malpractice				
2020-21	10,445	3,636	1,830	12,251
2019-20	10,710	943	1,208	10,445
2018-19	9,767	4,377	3,434	10,710

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				
2020-21	37,074	69,799	60,088	46,785
2019-20	34,975	62,265	60,166	37,074
2018-19	30,548	62,504	58,077	34,975
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2020-21	52	77	22	107
2019-20	55	56	59	52
2018-19	78	36	59	55
Colorado School of Mines:				
General Liability, Property, and Workers' Compensation				
2020-21	256	-	-	256
2019-20	256	-	-	256
2018-19	295	-	39	256
Fort Lewis College:				
Workers' Compensation				
2020-21	4	7	4	7
2019-20	6	4	6	4
2018-19	2	4	-	6
General Liability				
2020-21	10	-	10	-
2019-20	11	(1)	-	10
2018-19	-	11	-	11
Colorado Mesa University:				
Workers' Compensation				
2020-21	32	647	574	105
2019-20	52	36	56	32
2018-19	29	42	19	52
General Liability				
2020-21	319	(310)	9	-
2019-20	182	673	536	319
2018-19	36	238	92	182

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, 2021, 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
Buildings	$ 54,936	$ 64,628	$ 119,564
Equipment and Other	290,556	32,678	323,234
Total Capital Assets Under Lease, Gross	345,492	97,306	442,798
Less Accumulated Depreciation:			
Buildings	(24,119)	(10,226)	(34,345)
Equipment and Other	(187,514)	(12,484)	(199,998)
Total Accumulated Depreciation	(211,633)	(22,710)	(234,343)
Total Capital Assets Under Lease, Net	$ 133,859	$ 74,596	$ 208,455

At June 30, 2021, expected future minimum sublease rentals relating to operating leases are $2.1 million for business-type activities, and $287.0 thousand for governmental activities. No future minimum sublease rentals related to capital leases are expected.

During the fiscal year ended June 30, 2021, the State incurred no contingent rentals related to capital and operating leases.

For Fiscal Year 2021, the State recorded building and land rent of $97.1 million for governmental-type activities, $23.9 million for business-type activities, and $1,449 for fiduciary activities. The State also recorded equipment and vehicle rental expenditures of $25.9 million and $51.0 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 $3.1 million of capital lease interest costs for governmental activities and $3.1 million for business-type activities in Fiscal Year 2021.

In Fiscal Year 2021, the State entered into approximately $23.7 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, 2021, for existing leases were as follows:

(Amounts in Thousands)

Fiscal Year(s)	Operating Leases Governmental Activities	Operating Leases Business-Type Activities	Capital Leases Governmental Activities Principal	Capital Leases Governmental Activities Interest	Capital Leases Business-Type Activities Principal	Capital Leases Business-Type Activities Interest
2022	$ 56,159	$ 33,570	$ 30,538	$ 3,227	$ 6,192	$ 2,780
2023	48,139	25,659	22,732	2,153	5,447	2,603
2024	43,684	22,861	18,495	1,498	4,148	2,433
2025	37,952	20,461	14,216	1,114	3,473	2,271
2026	28,485	18,070	10,706	783	3,150	2,156
2027 to 2031	43,744	52,596	20,939	1,011	17,476	9,211
2032 to 2036	2,365	6,113	372	11	6,408	7,067
2037 to 2041	639	785	-	-	8,028	5,447
2042 to 2046	561	628	-	-	10,056	3,419
2047 to 2051	61	303	-	-	9,845	935
2052 to 2056	61	113	-	-	-	-
2057 to 2061	61	119	-	-	-	-
Thereafter	577	-	-	-	-	-
Total	$ 262,488	$ 181,278	$ 117,998	$ 9,797	$ 74,223	$ 38,322

SHORT-TERM DEBT

On August 6, 2020, the State Treasurer issued $600.0 million of General Fund Tax Revenue Anticipation Notes (GTRAN), Series 2020A. The notes were due and payable on June 25, 2021, at a coupon rate of 4.000 percent. The total interest related to this issuance was $21.3 million; however, the notes were issued at a premium of $20.3 million, resulting in net interest costs (including the cost of issuance) of $1.3 million and a yield of 0.177 percent. The notes were issued for cash management purposes and were repaid by June 25, 2021, 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 August 4, 2020, the State Treasurer issued $410.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2020A. The notes were due and payable on June 29, 2021, at a coupon rate of 3.512 percent. The total interest related to this issuance was $13.0 million; however, the notes were issued at a premium of $12.3 million, resulting in net interest costs (including cost of issuance) of $1.0 million or 0.193 percent. The notes matured on June 29, 2021, and were repaid.

On January 28, 2021, the State Treasurer issued $390.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2020B. The notes were due and payable on June 29, 2021, at a coupon rate of 3.058 percent. The total interest related to this issuance was $5.0 million; however, the notes were issued at a premium of $4.9 million, resulting in net interest costs (including cost of issuance) of $0.2 million or 0.075 percent. The notes matured on June 29, 2021, and were repaid.

On June 5, 2018, the University of Colorado of issued the first tranche of Commercial Paper (CP) in the amount of $40.0 million with a maturity of September 6, 2018. The Commercial Paper program has been used to fund the Imig Music Building, AMC Health Sciences Building and associated basement remodels. The average interest rate of borrowing from inception of the program through fiscal year end was 1.44 percent. In Fiscal Year 2020, $155.7 million of commercial paper was retired with permanent financing. On July 2, 2020, the outstanding balance of $50.0 million was retired with Variable Rate Demand Bond series 2020B1.

On June 20, 2018, the Board of Governors of the Colorado State University System (CSU) authorized the issuance of Commercial Paper Notes (Notes) in the aggregate principal amount not to exceed $50.0 million as part of the Series A (tax-exempt) and Series B (taxable) 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 paid in portions by both CSU and CSU-Pueblo, as defined in the bond agreement. The Notes are being used to finance certain projects, as determined by the Board, for any of the campuses for which the Board has spending authority. 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 became effective beginning Fiscal Year 2020. As of June 30, 2021, no action has been taken on the authorized increase of $25.0 million.

The following schedule shows the changes in short-term financing for the period ended June 30, 2021:

	(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	-	800,000	(800,000)	-
Total Governmental Activities Short-Term Financing	-	1,400,000	(1,400,000)	-
Business Type Activities:				
Tax Exempt Commercial Paper	82,500	(31,000)	(1,810)	49,690
Total Business Type Activities Short-Term Financing	82,500	(31,000)	(1,810)	49,690
Total Short-Term Financing	$ 82,500	$ 1,369,000	$ (1,401,810)	$ 49,690

NOTE 11 – NOTES, BONDS, AND CERTIFICATES OF PARTICIPATION PAYABLE

Various institutions of higher education, History Colorado, the Judicial Branch, and the Departments of Corrections, Transportation, Agriculture, Public Administration, Public Safety, and Treasury 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 that receives Capital Projects Fund appropriations and the Department of Public Safety that 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 $1,738.4 million in available net revenue after operating expenses to meet the $189.7 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 2021, the State recorded $266.8 million of interest costs, of which $137.2 million was recorded by governmental activities and $129.6 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $5.4 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $16.7 million of interest on Certificates of Participation issued by the Judicial Branch, $48.4 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program and $1.0 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 $112.2 million of interest on revenue bonds issued by institutions of higher education, $2.9 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, and $14.5 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, 2021, are as follows:

(Amounts in Thousands)

Governmental Activities (Non-Direct Borrowings and Non-Direct Placements)

Fiscal Year	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2022	$ 104,120	$ 151,391	$ 104,120	$ 151,391
2023	110,805	144,762	110,805	144,762
2024	203,200	139,216	203,200	139,216
2025	126,115	133,139	126,115	133,139
2026	122,540	127,110	122,540	127,110
2027 to 2031	880,570	524,945	880,570	524,945
2032 to 2036	861,160	328,154	861,160	328,154
2037 to 2041	797,610	143,850	797,610	143,850
2042 to 2046	257,405	27,922	257,405	27,922
Subtotals	3,463,525	1,720,489	3,463,525	1,720,489
Unamortized Prem/Discount	436,376	-	436,376	-
Totals	$ 3,899,901	$ 1,720,489	$ 3,899,901	$ 1,720,489

(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
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	-	-	3,165	2,686	3,165	2,686
2026	-	-	17,835	12,548	17,835	12,548
2027 to 2031	-	-	19,340	8,984	19,340	8,984
2032 to 2036	-	-	17,725	7,537	17,725	7,537
2037 to 2041	-	-	21,925	4,715	21,925	4,715
Subtotals	2,315	48	89,800	45,504	92,115	45,552
Unamortized Prem/Discount	-	-	232	-	232	-
Totals	$ 2,315	$ 48	$ 90,032	$ 45,504	$ 92,347	$ 45,552

(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
2022	$ 78,234	$ 122,934	$ 403	$ 397	$ 14,830	$ 4,777	$ 93,467	$ 128,108
2023	116,147	121,028	421	380	15,595	4,017	132,163	125,425
2024	147,749	160,909	439	362	16,395	3,217	164,583	164,488
2025	369,928	152,062	457	344	17,235	2,378	387,620	154,784
2026	178,863	157,696	476	325	18,115	1,495	197,454	159,516
2027 to 2031	829,073	603,919	2,702	1,303	20,850	611	852,625	605,833
2032 to 2036	853,239	418,291	4,859	354	-	-	858,098	418,645
2037 to 2041	741,390	235,025	-	-	-	-	741,390	235,025
2042 to 2046	388,975	103,092	-	-	-	-	388,975	103,092
2047 to 2051	394,034	43,393	-	-	-	-	394,034	43,393
2052 to 2056	120,145	16,661	-	-	-	-	120,145	16,661
2057 to 2061	17,685	442	-	-	-	-	17,685	442
Subtotals	4,235,462	2,135,452	9,757	3,465	103,020	16,495	4,348,239	2,155,412
Unamortized Prem/Discount	252,752	-	-	-	11,587	-	264,339	-
Unaccreted Interest	(2,811)	-	-	-	-	-	(2,811)	-
Totals	$ 4,485,403	$ 2,135,452	$ 9,757	$ 3,465	$ 114,607	$ 16,495	$ 4,609,767	$ 2,155,412

(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
2022	$ 7,104	$ 8,216	$ 1,150	$ 2,046	$ 2,570	$ 451	$ 10,824	$ 10,713
2023	8,549	7,986	1,108	2,018	2,090	372	11,747	10,376
2024	239,734	7,721	12,201	3,858	2,065	323	254,000	11,902
2025	8,518	5,776	17,356	3,787	2,125	272	27,999	9,835
2026	9,355	5,844	17,280	2,620	2,160	220	28,795	8,684
2027 to 2031	50,095	22,864	54,889	7,680	6,800	336	111,784	30,880
2032 to 2036	54,255	13,765	2,341	145	-	-	56,596	13,910
2037 to 2041	42,900	6,728	219	50	-	-	43,119	6,778
2042 to 2046	23,875	1,683	-	-	-	-	23,875	1,683
2047 to 2051	3,460	56	-	-	-	-	3,460	56
Subtotals	447,845	80,639	106,544	22,204	17,810	1,974	572,199	104,817
Unamortized Prem/Discount	5,031	-	-	-	(14)	-	5,017	-
Unaccreted Interest	-	-	24	-	-	-	24	-
Totals	$ 452,876	$ 80,639	$ 106,568	$ 22,204	$ 17,796	$ 1,974	$ 577,240	$ 104,817

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, 2021, 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
2022	$ 850	$ 202	$ 1,257	$ 2,309
2023	925	197	1,226	2,348
2024	975	193	1,192	2,360
2025	1,000	185	1,157	2,342
2026	1,050	180	1,121	2,351
2027 to 2031	11,250	743	4,618	16,611
2032 to 2036	14,100	366	2,263	16,729
2037 to 2041	6,035	32	197	6,264
Totals	$ 36,185	$ 2,098	$ 13,031	$ 51,314

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, 2021, 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
2022	$ -	$ 353	$ 1,256	$ 1,609
2023	-	354	1,256	1,610
2024	1,005	353	1,251	2,609
2025	1,005	348	1,232	2,585
2026	1,000	341	1,213	2,554
2027 to 2031	12,980	1,561	5,547	20,088
2032 to 2036	17,910	1,087	3,867	22,864
2037 to 2041	13,510	711	2,529	16,750
2042 to 2046	15,785	327	1,162	17,274
2047 to 2050	3,460	12	43	3,515
Totals	$ 66,655	$ 5,447	$ 19,356	$ 91,458

In Fiscal Year 2020, CSU entered into a floating to fixed interest swap agreement in connection with the 2015A System Enterprise Revenue Bonds. This agreement gives the university the right to enter into a swap agreement on a future date, March 2025.

Assuming current interest rates are applied over the term of the debt, at June 30, 2021, 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
2022	$ -	$ -	$ -	$ -
2023	-	-	-	-
2024	-	4,511	-	4,511
2025	-	4,511	-	4,511
2026	375	4,511	(1,963)	2,923
2027 to 2031	1,990	22,554	(9,953)	14,591
2032 to 2036	7,700	22,218	(10,056)	19,862
2037 to 2041	12,530	20,900	(9,676)	23,754
2042 to 2046	5,370	18,701	(8,635)	15,436
2047 to 2050	41,290	14,730	(6,994)	49,026
2051 to 2055	39,485	4,637	(2,299)	41,823
Totals	$ 108,740	$ 117,273	$ (49,576)	$ 176,437

In April 2020, Metropolitan State University entered a derivative instrument agreement (interest rate swap) as an effective hedge against expected increasing interest costs.

Assuming current interest rates are applied over the term of the debt, at June 30, 2021, Metropolitan 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 Metropolitan State University Interest Rate Swap Agreement				
Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2022	$ -	$ 732	$ 1,099	$ 1,831
2023	1,415	710	1,065	3,190
2024	1,465	687	1,030	3,182
2025	1,535	663	994	3,192
2026	1,590	638	956	3,184
2027 to 2031	8,925	2,775	4,163	15,863
2032 to 2036	10,810	1,983	2,975	15,768
2037 to 2041	13,115	1,022	1,534	15,671
2042 to 2046	7,490	72	108	7,670
Totals	$ 46,345	$ 9,282	$ 13,924	$ 69,551

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	$ -	$ -	$ 3,915,818	$ 3,915,818
Business Type Activities	5,719,585	12,450	227,990	$ 5,960,025
Total	$ 5,719,585	$ 12,450	$ 4,143,808	$ 9,875,843

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	478,105	114,289	34,080	$ 626,474
Total	$ 478,105	$ 135,364	$ 151,500	$ 764,969

Assets pledged as collateral for debt across state departments and institutions of higher education include the following:

- The Colorado Bureau of Investigations (CBI) Grand Junction Regional Office and Forensic Laboratory (related to direct borrowing/direct placement for governmental activities);

- The CBI Pueblo Regional Office and Forensic Laboratory (related to direct borrowing/direct placement for governmental activities);

- The Colorado Department of Transportation (CDOT) Headquarters (related to non-direct borrowing/non-direct placement for governmental activities) and Regional Office Buildings (related to both non-direct borrowing/non-direct placement and direct borrowing/direct placement for governmental activities);

- The Colorado History Building at 1200 Broadway in Denver (related to related to direct borrowing/direct placement for governmental activities).

Regarding terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses, the following points were noted across state departments and institutions of higher education:

- In each Certificate of Participation (COP), the State has the right to purchase the Leased Property in connection with the defeasance or redemption of all of the Series 201X Certificates, as described in the section of the agreements' State's Purchase Option Price. Upon a nonrenewal of the Lease Term/s by reason of a Lease Event of Default or Lease Event of Nonappropriation, and so long as the State or Sublessee has not exercised its purchase option with respect to all the Leased Property, the State or Sublessee must vacate the Leased Property within 90 days. The Trustee/s may proceed to exercise any remedies available for the benefit of the Owners of the Certificates and may exercise any other remedies available upon default as provided in the Lease, including the sale of or lease of the Trustees' interest under the Site Lease/s (related to direct borrowing/direct placement for governmental activities).

- For Notes Payable, in the event of termination acceleration of payment for debt due (or to be due within that fiscal year) and the relinquishment of the equipment purchased through the energy performance contract measures could occur (related to direct borrowing/direct placement for business-type activities).

- CDOT will take over the payments for the C-470 bonds in the event High Performance Transportation Enterprise (HPTE) is unable to pay (related to non-direct borrowing/non-direct placement for business-type activities). Additionally, for Notes Payable, CDOT would take over debt service payments if HPTE was in default (related to direct borrowing/direct placement for business-type activities).

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 $36,185,000 and $36,760,000 and a fair value of ($9,645,000) and ($12,838,000) at June 30, 2021 and 2010, 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, 0.100 percent and 0.166 percent at June 30, 2021 and 2020, 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, 2021 and 2020. 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, 2021 and 2020 was $2,929,000 and $2,395,000, respectively. Morgan Stanley, counterparty to the Swap Agreement, determined the fair value as of June 30, 2021 and 2020, 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, 2021, Morgan Stanley's credit rating is A1 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, 2021 and 2020 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, 2021 and 2020. 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 System entered into a floating to fixed interest rate swap agreement (2015 D Swap Agreement) in connection with the Series 2015 D System Enterprise Revenue Bonds (Notes from Direct Placements). The 2015 D Swap Agreement was entered into with the objective of protecting against the potential rising of interest rates. The 2015 D Swap Agreement had a notional value of $66.7 million and a negative fair value of $8.2 million as of June 30, 2021. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2021. The 2015 D Swap Agreement had a notional value of $66.7 million and a negative fair value of $14.9 million as of June 30, 2020. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2020. The 2015 D Swap Agreement has an effective date of July 1, 2019 and a termination date of March 1, 2047.

The 2015 D 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 System and 70 percent of one-month UDS-LIBOR-BBA, payable by RBC. RBC, counterparty to the 2015 D Swap Agreement, determined the fair value as of June 30, 2021 using a discounted forecasted cash flow.

On February 18, 2020, the System entered into a floating to fixed interest rate swap agreement (2015 A Swap Agreement) in connection with the Series 2015 A System Enterprise Revenue Bonds. The 2015 A Swap Agreement was entered into with the objective of protecting against the potential rising of interest rates. The 2015 A Swap Agreement had a notional value of $108.7 million and a negative fair value of $646 thousand as of June 30, 2021. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2021. The 2015 A Swap Agreement had a notional value of $108.7 million and a negative fair value of $7.7 million as of June 30, 2020. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2020. The 2015 A Swap Agreement has an effective date of March 1, 2025 and a termination date of March 1, 2055.

The 2015 A Swap Agreement provides for certain payments by The Royal Bank of Canada (RBC) equal to the difference between the fixed rate of 1.74250 percent payable by the System and 70 percent of one-month UDS-LIBOR-BBA, payable by RBC. RBC, counterparty to the 2015 A Swap Agreement, determined the fair value as of June 30, 2021 using a discounted forecasted cash flow.

There can be risks inherent to interest rate swaps that the System 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 System. 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 System, either through receipt of a payment from a termination, or if a termination payment is made by the System, 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 System considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2021, RBC's credit rating is rated Aa2 by Moody's, AA- by S&P, and AA+ by Fitch.

  The Swap Agreement contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $25.0 million at both parties' current credit rating or $10.0 million if the parties credit rating falls to A3/A-.
- Basis Index Risk – Basis Index 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 System. Basis Index Risk can also result from the use of floating, but different, indices.

<u>Metropolitan State University</u>: On September 30, 2020 MSU Denver executed a Novation agreement which transferred the HLC@Metro Inc's floating to fixed interest rate swap agreement (Swap Agreement) with RBC to the University. This was a part of the University's acquisition of most of the HLC's assets and liabilities on June 30, 2020. The Swap Agreement was entered with the objective of protecting against the potential increase of interest rates. The Swap Agreement had a notional value of $48.7 million and a negative fair value of $7.1M and $11.5 million as of June 30, 2021 and 2020, respectively. The fair value of the Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2021 and 2020. The Swap Agreement has an effective date of September 1, 2020 and a termination date of July 1, 2042.

Pursuant to the interest rate swap, the University will pay RBC a fixed rate of 2.451% per annum. RBC will pay the University 80% of USD-LIBOR-BBA. In addition, the University will pay JPMorgan, as owner of the Series 2020 Bonds, 80% of LIBOR plus 150 basis points. This arrangement will produce an interest rate on the Series 2020 Bonds equal to approximately 3.95% and helps ensure the University can leverage a low interest rate in an otherwise unpredictable market. RBC, the counterparty to the Swap Agreement, determined the fair value as of June 30, 2021 and 2020 using an indicative mid-market valuation.

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. MSU Denver considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2021, RBC's credit rating is rated Aa2 by

Moody's and AA- by S&P. The Swap Agreement contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $5.0 million and the credit rating is equal to A3 as rated by Moody's or A- as rated by S&P, or if threshold is zero but the credit ratings are Baa1 as rated by Moody's or BBB+ as rated by S&P.

- Basis Index Risk – Basis Index 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 Index 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 2021:

(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	$ 1,404	$ 1,344	$ (8,630)	$ (5,882)	$ (7,661)
Accrued Compensated Absences	213,176	34,962	(17,937)	230,201	15,331
Claims and Judgments Payable	198,417	-	(11,943)	186,474	45,135
Capital Lease Obligations	119,822	24,999	(26,823)	117,998	30,538
Certificates of Participation from Direct Borrowings and Direct Placements	322,824	-	(4,282)	318,542	3,850
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	2,805,878	975,708	(110,195)	3,671,391	104,120
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	4,585	-	(2,270)	2,315	2,315
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Direct Placements	-	1	-	1	-
Net Pension Liability	7,804,791	-	(1,930,136)	5,874,655	-
Other Postemployment Benefits	233,180	-	(29,456)	203,724	-
Other Long-Term Liabilities	229,134	20,135	(20,343)	228,926	-
Total Governmental Activities Long-Term Liabilities	11,933,211	1,057,149	(2,162,015)	10,828,345	193,628
Business-Type Activities					
Deposits Held In Custody For Others	46,825	-	(13,517)	33,308	33,283
Accrued Compensated Absences	426,369	77,262	(38,708)	464,923	31,583
Claims and Judgments Payable	46,441	12,865	(5,773)	53,533	819
Capital Lease Obligations	35,645	46,781	(8,203)	74,223	6,192
Derivative Instrument Liabilities	46,864	-	(21,262)	25,602	-
Bonds Payable from Direct Borrowings and Direct Placements	222,385	471,545	(259,131)	318,889	7,104
Bonds Payable from Non-Direct Borrowings and Non-Direct Placements	4,414,803	462,101	(373,424)	4,619,390	78,234
Certificates of Participation from Direct Borrowings and Direct Placements	18,371	-	(1,775)	(544)	600
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	149,763	-	(33,956)	132,947	16,800
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	56,226	5,385	(3,333)	9,588	1,137
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Non-Direct Placements	10,145	46,015	1,887	106,737	416
Net Pension Liability	3,570,647	-	(200,570)	3,370,077	-
Other Postemployment Benefits	835,859	205,684	-	1,041,543	-
Other Long-Term Liabilities	104,600	65,980	(30,625)	139,955	-
Total Business-Type Activities Long-Term Liabilities	9,984,943	1,393,618	(988,390)	10,390,171	176,168
Fiduciary Activities					
Deposits Held In Custody For Others	1,863,250	20,377	(1,857,029)	26,598	18,324
Accrued Compensated Absences	139	107	(31)	215	-
Claims and Judgments Payable	22,986	21,061	(22,986)	21,061	21,061
Other Long-Term Liabilities	32	539	(32)	539	-
Total Fiduciary Activities Long-Term Liabilities	1,886,407	42,084	(1,880,078)	48,413	39,385
Total Primary Government Long-Term Liabilities	$ 23,804,561	$ 2,492,851	$ (5,030,483)	$ 21,266,929	$ 409,181

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 2021, debt was defeased in both governmental and business-type activities.

At June 30, 2021, 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	$ 579,425
Business-Type Activities:	
University of Colorado	877,890
Colorado State University	484,410
Colorado Community College System	40,930
Colorado School of Mines	34,000
Fort Lewis College	1,665
Total	$ 2,018,320

The Board of Regents of the University of Colorado issued $140.9 million of its Enterprise Revenue Refunding Bonds, Series 2020B2 to partially defease its Enterprise Revenue Refunding Bonds, Series 2007A, 2011A, 2011B, 2012A-1, 2012A-3, 2012B, 2013A, 2014A, 2014B1, 2015A, 2015B, 2015C, 2016A, 2016B1, 2017A1, 2017A2, 2019A, 2019A2, 2019B, and 2019C. The defeased debt had an interest rate of 3.79 percent, and the new debt had an interest rate of 2.56 percent. The remaining term of the debt was 15 years and the estimated debt service cash flows increased by $56.0 million. The defeasance resulted in an economic gain of $133,959, and book loss of $31.3 million 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 $44.5 million of its Enterprise Revenue Refunding Bonds, Series 2021B to partially defease its Enterprise Revenue Refunding Bonds, Series 2011B, 2012A1, 2012A2, 2012A3, 2013B, and 2014A1. The defeased debt had an interest rate of 3.62 percent, and the new debt had an interest rate of 1.22 percent. The remaining term of the debt was 8 years and the estimated debt service cash flows decreased by $1.6 million. The defeasance resulted in an economic gain of $1.5 million, and book loss of $2.8 million that will be amortized as an adjustment of interest expense over the remaining 8 years of the new debt.

The Board of Governors of Colorado State University issued $230.0 million of its System Enterprise Revenue Refunding Bonds Taxable, Series 2020A to partially defease its System Enterprise Revenue Bonds Series 2010B, 2012A, 2013D, 2013E, 2015B, 2015E-2, 2015F, 2016A, and 2018A, and System Enterprise Revenue Refunding Bonds Series 2012B, 2013A, 2015C, 2016B, 2017A, 2017B, 2017D, 2017E, 2017F, 2019A, and 2019B. The defeased debt had an interest rate of 4.20 percent, and the new debt had an interest rate of 2.66 percent. The remaining term of the debt was 2 years and the estimated debt service cash flows increased by $114.4 million. The defeasance resulted in an economic loss of $34.8 million, and book loss of $103.4 million 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 $115.0 million of its System Enterprise Revenue Refunding Bonds Taxable, Series 2021A to partially defease its System Enterprise Revenue Refunding Bonds Taxable, Series 2020A. The defeased debt had an interest rate of 0.51 percent, and the new debt had an interest rate of 0.72 percent. The remaining term of the debt was 2 years and the estimated debt service cash flows decreased by $1.9 million. The defeasance resulted in an economic gain of $2.4 million and, no book loss/gain.

The Board of Governors of Colorado State University issued $115.0 million of its System Enterprise Revenue Refunding Bonds Taxable, Series 2021B to partially defease its System Enterprise Revenue Refunding Bonds Taxable, Series 2020A. The defeased debt had an interest rate of 0.51 percent, and the new debt had an interest rate of 0.72 percent. The remaining term of the debt was 2 years and the estimated debt service cash flows decreased by $1.9 million. The defeasance resulted in an economic gain of $2.4 million, and no book loss/gain.

The Board of Trustees of Fort Lewis College issued $5.0 million of its Enterprise Refunding Revenue Bonds – Tax-Exempt Series 2020A-1 and 2020B-1 and Enterprise Refunding Revenue Bonds – Taxable Series 2020A-2 and 2020B-2 to partially defease its Enterprise Refunding Revenue Bonds – Series 2016A and 2016B and Enterprise Revenue Bonds – Series 2016C. The defeased debt had an interest rate of 3.25 percent, and the new debt had an interest rate of 3.00 percent. The remaining term of the debt was 18 years and the estimated debt service cash flows increased by $1.5 million. The defeasance resulted in an economic loss of $494,927, and book loss of $1.9 million that will be amortized as an adjustment of interest expense over the remaining 18 years of the new debt.

The Board of Trustees of Colorado Mesa University issued $24.5 million of its Enterprise Revenue Refunding Bond Taxable Convertible to Tax-Exempt, Series 2020A Bonds, Series 2020A to partially defease its Enterprise Revenue Refunding Bonds, Series 2012A and Series 2012B. 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 $1.8 million. The defeasance resulted in an economic gain of $1.9 million, and book loss of $2.9 million that will be amortized as an adjustment of interest expense over the remaining 14 years of the new debt.

The Colorado Department of Transportation issued $19.1 million of its Second Amended and Restated Headquarters Facilities Lease Purchase Agreement Refunding Certificates of Participation, Series 2020 to partially defease its Headquarters Facilities Lease Purchase Agreement Certificates of Participation, Series 2016. The defeased debt had an interest rate of 5.00 percent, and the new debt had an interest rate of 4.00 percent. The remaining term of the debt was 20 years and the estimated debt service cash flows decreased by $10.1 million. The defeasance resulted in an economic gain of $295,571, and book gain of $460,640 that will be amortized as an adjustment of interest expense over the remaining 20 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.

The State's total amount of pollution remediation obligations as of June 30, 2021 was $209.7 million, of which $4.5 million is a current liability. Individually significant pollution remediation obligations are disclosed below:

- The Department of Public Health & Environment recorded a liability for remediation activities in the Clear Creek Basin of approximately $87.2 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 water treatment plant. Current operating and maintenance costs are estimated at $1.5 million beginning in Fiscal Year 2022, increasing to approximately $2.6 million in Fiscal Year 2029, with a projected annual increase of 2 percent thereafter. 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 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.

- The Department of Public Health & Environment recorded a liability for remediation activities at the Summitville Mine of approximately $91.9 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 through Fiscal Year 2022. Beginning in Fiscal Year 2023, the State will assume 100 percent of the operating costs of the treatment plant, with a projected total cost of approximately $2.0 million per year, with a projected annual increase of 2 percent thereafter. 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, 2021, the State has $2.6 million in recoveries funded from other responsible parties.

- The Department of Public Health & Environment 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 $9.5 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 $0.2 million in Fiscal Year 2022 and 2023 for the project's completion. In Fiscal Year 2024, a sulfate reducing bioreactor is estimated to be completed with a projected cost of $0.2 million. Upon completion, the State's 10% share of O&M will commence in Fiscal Year 2025. Annual ongoing projected costs for subsurface remedy average $0.1 million per year until Fiscal Year 2035, when the State assumes 100% share of O&M, and projected costs increase to $0.4 million per year, with a 2 percent projected annual increase thereafter. Periodic maintenance for the surface remedy is projected to start in Fiscal Year 2023 at a cost of approximately less than $0.1 million, with a 2 percent projected annual increase thereafter. 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.

- The Department of Public Health & Environment recorded a liability for remediation activities at the Bonita Peak Mining District site is located near Silverton, Colorado for approximately $6.0 million. The Bonita Peak Mining District is within the Mineral Creek, Cement Creek, and the Upper Animas River drainages. The site consists of 48 historic mines or mining-related sources where ongoing releases of metal-laden water and sediments occur within Mineral Creek, Cement Creek, and the Upper Animas. An interim record of decision (IROD) establishes a site-wide repository for disposing of site-related mine waste from remedial action cleanups, sludge generated at the water treatment plant, and waste from future water treatment operations. The projected five-year costs are $0.1 million per year for the first four years with a $1.0 million projected cost in Fiscal Year 2026. The site-wide repository is estimated at $0.3 million per year for a five-year period ending in Fiscal Year 2027. The State's share of O&M is not projected to start until Fiscal Year 2028, where projected annual costs are $0.1 million, with a 2% annual increase thereafter. Approximately 20 of the 48 sites do not have viable responsible parties. Therefore, these sites will likely be addressed using a fund-financed remedial action of 90% EPA and 10% State, at which time the State's share will increase. As of June 30, 2021, the State has $0.3 million in recoveries funded from other responsible parties.

- The Nelson Tunnel is a former mining site outside of Creede, CO, which has a large waste pile. Runoff from this pile adversely affects the Rio Grande River via Willow Creek. While a portion of the project is reasonably estimable, the State cannot estimate a majority of the project costs. The water treatment component of the project has historically been included as a presumptive remedy. However, no decision document has been executed that would require water treatment. Although the State believes there will be associated water treatment costs in the future, these costs won't be included in the projection until there is an idea of what the remedy and long-term operating/maintenance costs are. Any long-term remedies are dependent on the initial assessment and monitoring procedures. Additionally, once a long-term remedy is identified, the Department will negotiate with the EPA to determine which entity is responsible for what share of the costs (typically 90% federal, 10% state).

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, 2021.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources:		
Asset Retirement Obligations	$ -	$ 586
Refunding Losses	29,319	220,451
Derivatives	-	20,230
Other	4,847	36
Other Post Employment Benefits	26,511	200,554
Pensions	1,594,219	467,520
	1,654,895	909,377
Deferred Inflows of Resources:		
Refunding Gains	438	710
Nonexchange Transactions	-	3
Other	17,390	2,050
Unavailable Revenue	796	-
Service Concession Arrangements	-	127,834
Other Post Employment Benefits	71,689	272,798
Pensions	3,441,422	856,692
	$ 3,531,733	$ 1,260,085

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

Fund balances and net position at July 1, 2020 have been increased (decreased) as follows in order to correct errors:

	(Dollars in Thousands)	
GOVERNMENTAL ACTIVITIES		
Nonmajor Governmental Funds		
Debt Service		
To report debt service benefiting institutions of higher education with governmental activities.	10,731	
Regular Capital Projects		
To report capital projects benefiting institutions of higher education with governmental activities.	58,024	
Total Nonmajor Governmental Funds		68,755
Government-wide Reconciling Items		
General Full Accrual Account Group		
Colorado State University, National Western Complex Certificates of Participation	(129,380)	
University of Colorado, Fitzsimons Certificates of Participation	(107,378)	
Department of Natural Resources	164	
Total Government-wide Reconciling Items		(236,594)
TOTAL GOVERNMENTAL ACTIVITIES		**(167,839)**
BUSINESS-TYPE ACTIVITIES		
Major Enterprise Funds		
Higher Education Funds		
To report debt service, capital projects, and long-term liabilities benefiting institutions of higher education as a governmental activity.	168,018	
Colorado Healthcare Affordability & Sustainability Enterprise		
Reclassify committed healthcare expense funds to cash fund.	13,671	
Total Major Enterprise Funds		181,689
TOTAL BUSINESS-TYPE ACTIVITIES		**181,689**
FIDUCIARY ACTIVITIES		
Private-Purpose Trust Funds		
Department of Higher Education		
To reclassify College Invest funds to business type activity	(15)	
Department of Treasury		
To capture Unclaimed Property funds excluded in prior year report.	(197,824)	
Total Private-Purpose Trust Funds		(197,839)
TOTAL FIDUCIARY ACTIVITIES		**(197,839)**

B. ACCOUNTING CHANGES

Fund balance, net position, and fiduciary net position at July 1, 2020 have been increased (decreased) as follows in order to implement the requirements of GASB Statement No. 84 – Fiduciary Activities:

		(Dollars in Thousands)	
GOVERNMENTAL ACTIVITIES			
Nonmajor Governmental Funds			
Environment and Health Protection			
Department of Public Health and Environment		47	
Debt Service			
Department of Treasury		15,078	
Other Special Revenue			
Department of Law	4,533		
Department of Treasury	204		
Total Other Special Revenue		4,737	
Total Nonmajor governmental Funds			19,862
TOTAL GOVERNMENTAL ACTIVITIES			**19,862**
BUSINESS-TYPE ACTIVITIES			
Major Enterprise Funds			
Higher Education Funds			
Colorado School of Mines		95	
Metropolitan State University of Denver		179	
Total Enterprise Funds - Major			274
Enterprise Funds - Non-Major			
Other Enterprise Funds			
Department of Agriculture		331	
Total Enterprise Funds - Non-Major			331
TOTAL BUSINESS-TYPE ACTIVITIES			**605**
FIDUCIARY ACTIVITIES			
Fiduciary Funds			
Pension and Other Benefit Trust Funds			
Department of Higher Education		58,942	
Private-Purpose Trust Funds			
Department of Higher Education	(15,078)		
Department of Treasury	(204)		
Other Non-Major Departments	11,038		
Total Private-Purpose Trust Funds		(4,244)	
Custodial Funds			
Department of Corrections	3,751		
Department of Higher Education	(36)		
Department of Human Services	28,022		
Judicial	64,760		
Department of Labor and Employment	10,881		
Department of Law	146		
Dept of Natural Resources	74,087		
Dept of Regulatory Agencies	61		
Department of Revenue	403,629		
Department of Treasury	177,588		
Total Custodial Funds		762,890	
TOTAL FIDUCIARY ACTIVITIES			**817,588**

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	$ 331,761	$ 886,866	$ 106,416
Business, Community and Consumer Affairs	-	168,632	-
Education	278,018	171,938	-
Health and Rehabilitation	-	6,324	-
Justice	-	4,637	-
Natural Resources	-	398	-
Social Assistance	-	47,418	-
Transportation	-	-	-
TOTAL	$ 609,779	$ 1,286,213	$ 106,416
FEDERAL SPECIAL REVENUE	10,103	(814)	-
TOTAL	$ 10,103	$ (814)	$ -
Highway Users Tax			
General Government	$ 69,664	$ 33,848	$ -
Health and Rehabilitation	1,350	-	-
Justice	2,498	1,468	-
Natural Resources	496	-	-
Transportation	605,404	13,729	-
TOTAL	$ 679,412	$ 49,045	$ -
OTHER GOVERNMENTAL FUNDS			
General Government	$ 140,182	$ 2,166,002	$ -
Business, Community and Consumer Affairs	74,098	573,063	-
Education	807,125	130,506	-
Health and Rehabilitation	21,076	90,691	-
Justice	5	267,057	-
Natural Resources	20,465	1,119,477	-
Social Assistance	(1,276)	315,871	-
Transportation	-	99,185	-
TOTAL	$ 1,061,675	$ 4,761,852	$ -

STABILIZATION ARRANGEMENTS

Restriction on State Appropriations – General Fund Reserve

In accordance with Section 24-75-201.1(1)(d) C.R.S., state general fund appropriations are limited in order to maintain sufficient available budgetary fund balance (the reserve) for the General Fund - General Purpose Revenue Component. For the fiscal year ended June 30, 2021, the required reserve is calculated as two and eighty-six one-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. As of June 30, 2021, on a legal budgetary basis the reserve was $314.0 million. Refer to Note 1, Budgetary Comparison Schedule – General Purpose Revenue Component, and to Note RSI-4 for additional information.

Emergency Reserve

Senate Bill (SB) 21-277 established the State Emergency Reserve Cash Fund effective with the State's fiscal year ended June 30, 2021. SB 21-277 required a transfer of $101.0 million from the General Purpose Revenue Component of the general fund and a transfer of $100.0 million from the Controlled Maintenance Trust Fund to the to the State Emergency Reserve Cash Fund. The State Emergency Reserve Cash Fund is reported as the Emergency Reserve component of the State's general fund. Refer to the Combining Balance Sheet – General Fund Components and to the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund Components for additional information. The Emergency Reserve was $201.0 million at June 30, 2021. The Emergency Reserve shall not be expended or appropriated for any purpose other than for an emergency declared by the Governor pursuant to 24-33.5-704(4). Refer to Note RSI-4 for additional information.

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. No minimum fund balances were established under this type of authority for Fiscal Year 2021.

NET POSITION DEFICITS

The following table shows deficit net position balances for individual nonmajor funds. See Note 2 for information regarding statutory spending violations and overexpenditures.

	(In Thousands)	
	Enterprise Funds	**Internal Service Funds**
State Lottery	$ (19,443)	$ -
Correctional Industries	(24,134)	-
State Nursing Homes	(42,312)	-
Petroleum Storage Tank	(3,866)	-
Central Services	-	(5,476)
Information Technology	-	(211,218)
Capitol Complex	-	(5,569)
Highways	-	(1,458)
Administrative Courts	-	(10,413)
Legal Services	-	(69,438)
Other Internal Service Funds	-	(1,679)
	$ (89,755)	*$ (305,251)*

NOTE 16 – INTERFUND TRANSACTIONS

INTERFUND BALANCES

Interfund balances at June 30, 2021, consisted of the following:

(DOLLARS IN THOUSANDS)	DUE FROM General	Federal Special Revenue	Highway Users Tax	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Transportation Enterprise
DUE TO							
General	$ -	$ -	$ 193	$ 49,530	$ 432	$ 22,618	$ -
Federal Special Revenue	-	-	-	-	-	-	-
Highway Users Tax	68	-	-	573	-	-	12,950
Other Governmental Funds	30	-	211	-	-	-	-
Higher Education Institutions	19,663	-	89	28,584	-	-	-
Unemployment Insurance	92	-	-	-	-	-	-
Other Enterprises	-	-	-	-	703	-	-
Internal Service Funds	288	-	7	-	-	-	-
Pension and Other Employee Benefit Trust	7	-	-	2	1,609	-	-
Private Purpose Trust	-	-	-	-	-	-	-
Custodial	-	-	-	-	-	-	-
Total	$ 20,148	$ -	$ 500	$ 78,689	$ 2,744	$ 22,618	$ 12,950

(DOLLARS IN THOUSANDS)	DUE FROM Unemployment Insurance	Other Enterprises	Internal Service Funds	Private Purpose Trust	Custodial	Total
DUE TO						
General	$ -	$ 26,378	$ 813	$ -	$ -	$ 99,964
Federal Special Revenue	-	-	-	-	-	-
Highway Users Tax	-	-	124	-	-	13,715
Other Governmental Funds	17,547	16,961	-	-	120	34,869
Higher Education Institutions	-	252	-	-	-	48,588
Unemployment Insurance	-	-	-	-	-	92
Other Enterprises	-	8,548	-	7	-	9,258
Internal Service Funds	285	304	-	-	-	884
Pension and Other Employee Benefit Trust	-	-	-	-	-	1,618
Private Purpose Trust	-	15,194	-	-	-	15,194
Custodial	-	6,764	-	-	-	6,764
Total	$ 17,832	$ 74,401	$ 937	$ 7	$ 120	$ 230,946

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 balance of $49.5 million due from Other Governmental Funds to the General Fund consists primarily of $44.7 million due from the Gaming Fund.

Other Governmental Funds owed Higher Education Institutions $28.6 million. $27.8 million of the balance was due from the Capital Projects Fund for the reimbursement of capital expenditures related to the National Western Center complex.

The $26.4 million due to the General Fund from Other Enterprises primarily consists of amounts owed from the State Lottery Fund as of June 30, 2021 for distributions related to the fourth quarter of Fiscal Year 2021 that were made in Fiscal Year 2022.

The Healthcare Affordability Fund had a payable to the General Fund of $22.6 million. This amount represents Medicaid payments to providers in Fiscal Year 2021 for which the State was reimbursed in Fiscal Year 2022 due to the timing of the receipt of federal monies into the Healthcare Affordability Fund.

Of the $19.7 million owed from the General Fund to Institutions of Higher Education, $7.6 million was due from the Department of Higher Education for various purposes. An additional $7.5 million was due to Colorado State University to mitigate the risk of wildfire as prescribed by Senate Bill 21-258.

Other Governmental Funds report an internal receivable of $17.5 million from the Unemployment Insurance Fund. This amount represents Fiscal Year 2021 revenue in the Labor Fund for which cash was transferred in Fiscal Year 2022.

Other Governmental Funds report an internal receivable of $17.0 million from Other Enterprises. Most of this balance, $15.0 million, reflects outstanding loans payable from the Parks and Wildlife Fund to the Resource Extraction Fund that are not expected to be repaid within one year.

INTERFUND TRANSFERS

Interfund transfers for Fiscal Year 2021, consisted of the following:

(DOLLARS IN THOUSANDS)	TRANSFER FROM General	Federal Special Revenue	Highway Users Tax	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability
TRANSFER TO						
General	$ -	$ 191	$ 20,834	$ 718,835	$ 53,153	$ 16,491
Highway Users Tax	35,020	-	-	319,606	-	-
Other Governmental Funds	1,241,857	-	74,453	142,853	-	-
Higher Education Institutions	260,038	-	-	226,039	-	-
Other Enterprises	31,972	-	-	1,179	-	-
Internal Service Funds	415	-	-	964	-	-
Pension and Other Employee Benefit Trust	-	-	-	1,247	-	-
Total	$ 1,569,302	$ 191	$ 95,287	$ 1,410,723	$ 53,153	$ 16,491

(DOLLARS IN THOUSANDS)	TRANSFER FROM Unemployment Insurance	Other Enterprises	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Total
TRANSFER TO						
General	$ -	$ 83,678	$ 7,342	$ 89	$ 19	$ 900,632
Highway Users Tax	-	-	-	-	-	354,626
Other Governmental Funds	508	1,756	84	-	-	1,461,511
Higher Education Institutions	-	-	-	-	-	486,077
Other Enterprises	-	21,539	-	-	-	54,690
Internal Service Funds	-	-	381	-	-	1,760
Pension and Other Employee Benefit Trust	-	-	-	-	-	1,247
Total	$ 508	$ 106,973	$ 7,807	$ 89	$ 19	$ 3,260,543

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 $1,241.9 million transferred from the General Fund to Other Governmental Funds includes $260.7 million to the Home- and Community-Based Services Improvement Fund, an Other Special Revenue Fund, as directed by Senate Bill 21-286. In addition, $186.1 million of Marijuana Sales Tax Revenues was transferred the Marijuana Tax Cash Fund, an Other Special Revenue Fund, as directed by Senate Bill 17-267.

Transfers from Other Governmental Funds to the General Fund totaled $718.8 million. The largest of these transfers is $137.0 million from the Retail Marijuana Excise Tax Fund, an Other Special Revenue Fund, as directed by House Bill 20-1401.

There were $319.6 million of transfers from Other Governmental Funds to the Highway Users Tax Fund. This primarily consists of $317.3 million transferred from the Capital Projects Fund and relate to projects funded by the State of Colorado Rural Colorado Certificates of Participation.

General Fund transfers to Higher Education Institutions totaled $260.0 million. The majority of these transfers, $167.0 million, were for student financial aid.

$226.0 million is reported as transfers from Other Governmental Funds to Higher Education Institutions. This amount is comprised primarily of $187.6 million of transfers from the Capital Projects Fund.

NOTE 17 – PLEDGED REVENUE AND DONOR RESTRICTED ENDOWMENTS

PLEDGED REVENUE

Various institutions of higher education and the Department of Transportation 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 2021, the following pledges were in place:

The Department of Transportation Statewide Bridge Enterprise pledged $111.6 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 2046. The pledged revenue represents 100 percent of the revenue stream, and $524.1 million of the pledge commitment remains outstanding.

The Department of Transportation High-Performance Transportation Enterprise pledged $2.9 million (gross) of C-470 Express Lanes Senior Revenue Bonds to meet the current year interest payments on debt issued for 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 debt was originally issued in Fiscal Year 2018 and has a final maturity date of Fiscal Year 2057. The pledged revenue represents 100 percent of the revenue stream, and $409.6 million 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:

- $1.2 billion (net) pledged by the University of Colorado to secure $78.3 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 2051. The pledged revenue represents approximately 77.5 percent of the revenue stream, and $2.5 billion of the pledge (principal and interest) remains outstanding.

- $154.0 million (net) pledged by Colorado State University to secure $5.1 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 2011 and has a final maturity date of Fiscal Year 2055. The pledged revenue represents 59.2 percent of the total revenue stream, and $1.7 billion of the pledge (principal and interest) remains outstanding.

- $53.8 million (net) pledged by the Colorado School of Mines to secure $20.4 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 debt issuances had an earliest origination date of Fiscal Year 1999 and furthest maturity date of Fiscal Year 2048. The pledged revenue represents approximately 75.9 percent of the revenue stream, and $420.9 million of the pledge (principal and interest) remains outstanding.

- $40.6 million (gross) pledged by Metropolitan State University of Denver to secure $10.2 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 $199.1 million of the pledge (principal and interest) remains outstanding.

- $29.2 million (net) pledged by Colorado Mesa University to secure $14.5 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 55.2 percent of the revenue stream and $330.8 million of the pledge (principal and interest) remains outstanding.

- $37.1 million pledged by the University of Northern Colorado to secure $10.5 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 2014 and furthest maturity date of Fiscal Year 2046. The pledged revenue represents 52.5 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. $192.4 million of the pledge (principal and interest) remains outstanding.

- $8.2 million pledged by the Auraria Higher Education Center to secure $5.5 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 33.2 percent of the net and 100 percent of the gross auxiliary revenue stream. $62.5 million of the pledge (principal and interest) remains outstanding.

- $9.6 million (net) pledged by the Western State Colorado University to secure $7.2 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 37.8 percent of the revenue stream, and $150.5 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	Debt Service Requirements Interest	Debt Service Requirements Total
Higher Education Institutions	$ 2,210,602	$ (586,621)	$ 1,623,981	$ 84,250	$ 80,160	$ 164,410
Statewide Bridge Enterprise	111,572	-	111,572	-	17,181	17,181
	$ 2,325,053	$ (586,621)	$ 1,738,432	$ 84,250	$ 105,431	$ 189,681

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 $27.6 million.

The University of Colorado reported net appreciation on endowment investments of $18.8 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 $4.6 million of net appreciation on endowment investments that was available for spending. The School reported the related net position in Restricted for Permanent Funds and Endowments – Expendable on the Statement of Net Position – Proprietary Funds. The School has an authorized spending rate of 4.25% of the rolling 36-month average market value of the endowment investments.

Colorado State University reported net appreciation on endowment investments of $4.2 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 as authorized by the University's President.

NOTE 18 – RELATED PARTIES

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
- HLC@Metro
- 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 Colorado Housing & Finance Authority (CHFA) provides administrative services while serving as a fiscal agent for small business programs to provide relief to business that are affected by COVID-19, helps businesses that typically struggle to get access to a bank loan, and programs that promote energy efficiency and renewable energy in Colorado. The State paid a total of $27.6 million to CHFA for the administration of these programs during Fiscal Year 2021.

The University of Colorado Health (UCHealth) 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 University Physicians Inc., d/b/a CU 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 2021, UCHealth paid the University $87.5 million, and the University paid UCHealth $12.5 million. At June 30, 2021, the University had accounts receivable from UCHealth of $3.8 million, and $0.2 million of accounts payable to UCHealth.

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 2021, the Board awarded $81.8 million to the Division of Parks and Wildlife at the Department of Natural Resources. At June 30, 202, the amount the Division spent on GOCO grants was $38.6 million, and GOCO owed the Department of Natural Resources $14.4 million. Additionally, the GOCO Trust Fund is reported as a fiduciary fund in the State's financial statements. The Department of Treasury recorded deposits of $84.3 million and disbursements of $77.2 million in the GOCO Trust Fund, and the Trust Fund had an ending cash balance of $81.6 million as of June 30, 2021.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, operates the State's health insurance marketplace. During Fiscal Year 2021, the Colorado Health Benefit Exchange received $9.2 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 2021, 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.

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 that 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 occur 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 $127.8 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	$	-
U.S. 36 Phase II	Managed Lanes	$	91,180,538
U.S. 36 Phase II	36 Tolling Stations	$	132,434

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 $53.4 million, $89.9 million and $1.7 billion, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

FINANCIAL GUARANTEES

Colorado statutes (Section 22-41-110, C.R.S.) hold the State liable for defaults on school district bonds and other obligations unless a school district board of education adopts a resolution stating it will not accept payment on their behalf. The State Treasurer shall recover the amount forwarded on behalf of the school districts by withholding amounts from the school district's payments of the state share of the district's total program received and from property tax and specific ownership tax revenues collected by the county treasurer on behalf of the school district; except that the State Treasurer may not recover amounts from property tax revenues that are pledged to pay notes and bonds issued by the school district. The guarantee will continue to be in effect as long as any bonds or other obligations of a school district remain outstanding. As of June 30, 2021, $10.7 billion of the school district bond is outstanding and no liability has been recorded, as the school districts have been deemed capable of meeting the debt service 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.

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.

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.

Plaintiffs filed a class action suit on behalf of at least 160 women against the Department of Corrections, alleging violations of the Colorado Anti-Discrimination Act (CADA) for discrimination in a place of public accommodation based on sexual orientation and disability. The State will vigorously defend against an estimated $19.0 million of damage claims in the action, including by invoking any available immunity defenses. The State also intends to reopen discussions with Plaintiffs about potential settlement including changes to CDOC policies and practices.

A collective action for unpaid wages under the Fair Labor Standards Act (FLSA) was brought against the Department of Corrections. Under Plaintiffs' theory, members of the putative class should have been paid overtime weekly while on call. If Plaintiffs prevailed, they would likely be entitled to double damages as well as attorneys' fees under the FLSA. Based on the foregoing, we anticipate the damages sought will be significant and potentially exceed $20.0 million. The State will vigorously defend the lawsuit.

Multiple lawsuits have been filed against the Department of Higher Education on behalf of all students enrolled at the University of Colorado and Colorado State University who have paid tuition and the mandatory student fees for the Spring 2020 semester. Plaintiffs allege breach of contract and, in the alternative, unjust enrichment. The dispute relates to transition to remote delivery of educational services for the latter portion of the Spring 2020 semester in response to the COVID-19 pandemic. Although the likelihood of an unfavorable outcome is uncertain, should the court award a full refund of fees paid for the portion of the semester during which educational services were delivered remotely to all enrolled students, each institution's liability could potentially exceed $10.0 million. The State will vigorously defend the claims in the action.

The Department of Public Health & Environment 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 $110.0 million in compensatory damages, a reliable loss or range of loss cannot be estimated at this time. The likelihood of an unfavorable outcome is 50 percent, and the State is vigorously defending the case.

The Department of Revenue has been named as a defendant in a claim whereby the plaintiff challenges the denial of an income tax refund claim on the basis that retroactive changes in the CARES Act allegedly carried through to Colorado law despite a regulation to the contrary. If plaintiffs win, it would overturn the regulation. It would also have a very significant impact on other taxpayers, with a combined impact of several hundred million dollars. For this case, the Department of Revenue's potential exposure could be in excess of $8.0 million. The State is vigorously defending its position.

A lawsuit filed against the Colorado Department of Transportation (CDOT) arises from the design and construction of approximately one mile of I-25 between City Center Drive and Santa Fe Drive in Pueblo, CO. The plaintiff is claiming that CDOT forced the plaintiff to accelerate construction, and claims that it is entitled to an additional $13.0 million in payments from CDOT due to purported scheduling changes allegedly caused by CDOT. CDOT and its' counsel at the Attorney General's office are vigorously defending this lawsuit.

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.

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, Historic Preservation 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 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.

- 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, 2021 is as follows:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Colorado Enterprise Zone Business Tax Credits	$ 75,747.0
Colorado Enterprise Zone Contribution Tax Credits	16,354.0
Job Growth Incentive Tax Credits	34,929.6
Historic Preservation Tax Credits	11,524.0
Regional Tourism Act	9,177.7
Total	$147,732.3

NOTE 21 – SUBSEQUENT EVENTS

A. DEBT ISSUANCES AND REFUNDINGS

On July 20, 2021, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2021A. The notes mature on June 29, 2022. The total due on that date includes $370.0 million in principal and $12.9 million in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $12.6 million, an average coupon rate of 3.696%, and a yield of 0.070%.

On August 2, 2021, the University issued the Series 2021, Institutional Enterprise Revenue Refunding Bonds as a direct placement with PNC Bank to refund the Series 2020 bonds. The Series 2021 bonds offer a more favorable rate with a five-year term. Prior to issuing the refunding bonds the University was paying 80% of LIBOR plus 150 basis points, while after the refunding the University must pay 80% of LIBOR plus 46 basis points, which is an estimated present value savings of $6.4 million.

On August 6, 2021, the Board of Governors of the Colorado State University System has authorized the issuance of Bonds, in one or more series or subseries, to be designated "The Board of Governors of the Colorado State University System, System Enterprise Revenue and Revenue Refunding Bonds, Series 2021C" (referred to herein as the "Refunding Bonds," the "2021 Improvement Bonds" or the "Series 2021C Bonds). The purposes were to (a) defraying the cost of financing the Refunding Project; (b) defraying the cost of financing the 2021 Improvement Project; and (c) paying certain costs relating to the issuance thereof, in accordance with and as provided by the Master Resolution and the Twenty Second Supplemental Resolution. Any Series 2021C Bonds, issued in one or more series or subseries, shall be issued in an aggregate principal amount not to exceed $195.0 million for the Refunding Project and $25.0 million for the 2021 Improvement Project.

On September 15, 2021 the Colorado Bridge Enterprise issued $51.7 million in Taxable Central 70 Project Series 2021A Senior Revenue Bonds, and $465.0 million in Taxable Central 70 Project Series 2021B Senior Project Infrastructure Bonds. Proceeds of the bonds will be used for additional Central 70 Project costs, prepay capitalized interest with respect to the 2017 TIFIA Loan, and pay certain costs of issuance of the Series 2021 Bonds. The 2021A and 2021B Series have interests rates of 2.543% and 0.923% (respectively). The 2021A series is due December 31, 2032 and the 2021B series is due December 31, 2023.

B. OTHER

On July 1, 2021, the Small Business Administration notified History Colorado that their Paycheck Protection Program (PPP) loan had been forgiven. Total amount forgiven consisted of $2.3 million in principal, and $27.9 thousand in interest.

On July 1, 2021 the University entered into a $100.0 million operating line of credit with PNC Bank "Credit Agreement", pursuant to the 26th Supplemental Bond Resolution adopted by the Regents on June 17, 2021. Under the Credit Agreement with PNC Bank, the University may borrow up to $100.0 million for any lawful purpose of the University including to pay operating expenses and costs of capital projects. The primary purpose of entering into this agreement is to provide an additional source of liquidity to the University and to allow it to more efficiently invest monies in the pooled funds of the University. At the current time, there have been no drawings under the Credit Agreement and there are no current plans to do so. If monies are borrowed under the agreement, the University would pay variable rate of interest at 1 month LIBOR plus 50 basis points, which would currently be .59%. The agreement is a three year agreement that expires on June 30, 2024 and any amounts drawn under the agreement must be repaid within the three year term. The University also makes a fixed annual payment to PNC Bank for any unused portion of the agreement.

From August 18, 2020, through June 30, 2021, the Department of Labor and Employment borrowed $1.0 billion on a line of credit with the United States Treasury, authorized by Title XII of the Social Security Act. The borrowing began when the Unemployment Insurance Trust Fund became insolvent. The borrowed funds were used to continue payments for State Unemployment Insurance benefits. The Families First Coronavirus Relief Act allowed for this borrowing at a zero percent interest until December 31, 2020, with extensions passed through both the Continued

Assistance for Unemployed Workers Act, and the American Rescue Plan Act through September 6th, 2021. Starting September 7th, the interest is accrued daily on the outstanding balance of the loan. On September 30, 2021 - the first interest payment amount of approximately $1.6 million will be due. The full outstanding loan balance would have to be repaid by November 10, 2022 in order to avoid a FUTA credit reduction for tax year 2022.

In May 2021, Senate Bill 21-008 amended C.R.S. 2-60-205 to remove the word "Junior" from the name of Otero Junior College to Otero College, as well as Trinidad State Junior College to Trinidad State College, effective September 11, 2021.

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, 2021

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 3,516,574	
Income Taxes			8,214,384	
Other Taxes			293,414	
Sales and Services			1,300	
Interest Earnings			45,658	
Other Revenues			23,340	
Transfers-In			406,600	
TOTAL REVENUES AND TRANSFERS-IN			12,501,270	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 12,099	$ 12,099	12,035	$ 64
Corrections	885,383	884,397	874,354	10,043
Education	4,405,171	4,415,090	4,412,483	2,607
Governor	53,098	46,976	45,126	1,850
Health Care Policy and Financing	3,150,437	2,955,045	2,953,987	1,058
Higher Education	1,112,706	1,110,764	1,110,493	271
Human Services	1,043,300	1,017,949	1,009,371	8,578
Judicial Branch	616,134	606,133	594,069	12,064
Labor and Employment	25,520	25,536	25,264	272
Law	18,718	18,747	17,746	1,001
Legislative Branch	55,198	55,174	53,940	1,234
Local Affairs	44,341	44,709	42,074	2,635
Military and Veterans Affairs	11,616	11,284	10,967	317
Natural Resources	43,465	34,790	34,408	382
Personnel & Administration	15,633	15,482	15,383	99
Public Health and Environment	59,177	59,665	58,627	1,038
Public Safety	166,108	168,235	163,847	4,388
Regulatory Agencies	2,325	2,373	2,352	21
Revenue	87,416	86,416	85,533	883
State	8,419	8,419	9,451	(1,032)
Treasury	29,957	13,457	11,236	2,221
SUB-TOTAL OPERATING BUDGETS	11,846,221	11,592,740	11,542,746	49,994
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	2,396	452	1,944
Corrections	-	28,888	5,186	23,702
Education	-	2,264	1,155	1,109
Governor	445	47,898	14,821	33,077
Health Care Policy and Financing	-	2,831	364	2,467
Higher Education	-	148,883	95,820	53,063
Human Services	-	91,680	32,160	59,520
Military and Veterans Affairs	-	3,551	228	3,323
Natural Resources	1,000	1,000	-	1,000
Personnel & Administration	2,044	17,646	3,525	14,121
Public Health and Environment	-	4,148	1,444	2,704
Public Safety	-	728	42	686
Transportation	500	1,014	514	500
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	3,989	352,927	155,711	197,216
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 11,850,210	$ 11,945,667	$ 11,698,457	$ 247,210
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 802,813	

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, 2021

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 15,386	
Income Taxes			950,187	
Other Taxes			113,238	
Tuition and Fees			2,568,935	
Sales and Services			1,670,009	
Interest Earnings			31,619	
Other Revenues			933,660	
Transfers-In			2,061,448	
Capital Contributions			1,215	
TOTAL REVENUES AND TRANSFERS-IN			8,345,697	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 38,649	$ 39,469	29,160	$ 10,309
Corrections	77,870	76,403	45,987	30,416
Education	1,066,795	1,131,534	1,062,718	68,816
Governor	302,312	309,544	266,689	42,855
Health Care Policy and Financing	1,797,056	1,692,536	1,614,683	77,853
Higher Education	2,857,108	2,670,433	1,335,094	1,335,339
Human Services	341,238	346,010	284,635	61,375
Judicial Branch	189,954	190,829	148,956	41,873
Labor and Employment	74,501	92,882	68,336	24,546
Law	70,422	70,375	65,509	4,866
Legislative Branch	1,236	1,236	1,142	94
Local Affairs	35,521	35,504	30,807	4,697
Military and Veterans Affairs	4,497	4,497	1,260	3,237
Natural Resources	301,670	335,083	192,433	142,650
Personnel & Administration	135,480	133,508	113,976	19,532
Public Health and Environment	240,790	244,678	199,806	44,872
Public Safety	258,931	259,394	240,116	19,278
Regulatory Agencies	95,744	95,920	87,648	8,272
Revenue	248,661	261,484	219,892	41,592
State	27,238	28,547	27,555	992
Transportation	37,760	133,187	42,301	90,886
Treasury	67,012	67,018	65,776	1,242
SUB-TOTAL OPERATING BUDGETS	8,270,445	8,220,071	6,144,479	2,075,592
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	162	162	-
Governor	-	13,088	7,743	5,345
Higher Education	49,332	212,508	102,759	109,749
Human Services	1,759	4,298	769	3,529
Labor and Employment	28,422	6,987	6,567	420
Natural Resources	28,247	63,770	5,716	58,054
Personnel & Administration	-	7,376	1,391	5,985
Public Health and Environment	-	9,274	1,742	7,532
Public Safety	-	2,370	-	2,370
Transportation	1,900	500	500	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	109,660	320,333	127,349	192,984
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 8,380,105	$ 8,540,404	$ 6,271,828	2,268,576
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 2,073,869	

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, 2021

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 7,252,162	
TOTAL REVENUES AND TRANSFERS-IN			7,252,162	
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 6,736,939	$ 7,230,381	6,857,172	$ 373,209
Human Services	360,938	380,669	346,610	34,059
Labor and Employment	15,651	18,283	16,425	1,858
Public Health and Environment	19,749	19,749	16,558	3,191
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	7,133,277	7,649,082	7,236,765	412,317
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 7,133,277	$ 7,649,082	$ 7,236,765	$ 412,317
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 15,397	

REQUIRED SUPPLEMENTARY INFORMATION
RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2021

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUNDS			
	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:				
Revenues and Transfers-In Appropriated (Required Supplementary Information):				
General	$ 12,296,599	$ -	$ -	$ 96,199
Cash	1,069,583	-	283,843	2,482,708
Federal	4,303,235	-	-	264
Sub-Total Revenues and Transfers-In Appropriated	17,669,417	-	283,843	2,579,171
Revenues and Transfers-In Non-Appropriated (Supplementary Information):				
General	1,935,467	-	-	-
Cash	5,740,287	7,553	2,064,578	3,716,613
Federal	4,987,491	882,366	620,418	805,238
Sub-Total Revenues and Transfers-In Non-Appropriated	12,663,245	889,919	2,684,996	4,521,851
Total Revenues and Transfers-In Appropriated and Non-Appropriated	30,332,662	889,919	2,968,839	7,101,022
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):				
General Funded	10,676,443	-	-	104,877
Cash Funded	1,068,302	-	284,946	1,817,161
Federally Funded	4,287,985	-	-	-
Expenditures/Expenses and Transfers-Out Appropriated	16,032,730	-	284,946	1,922,038
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):				
General Funded	1,748,843	-	-	-
Cash Funded	4,846,771	-	2,317,836	3,154,176
Federally Funded	5,003,726	4,348,501	569,311	579,179
Expenditures/Expenses and Transfers-Out Non-Appropriated	11,599,340	4,348,501	2,887,147	3,733,355
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	27,632,070	4,348,501	3,172,093	5,655,393
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	1,636,687	-	(1,103)	657,133
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	1,063,905	(3,458,582)	(202,151)	788,496
BUDGETARY BASIS ADJUSTMENTS:				
Increase/(Decrease) for Unrealized Gains/Losses	23,075	(17,647)	(19,903)	(6,370)
Increase for Budgeted Non-GAAP Expenditures	-	-	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	948,752	3,427,455	711,631	1,379,074
Increase/(Decrease) for GAAP Revenue Adjustments	(1,512,350)	37,527	(714,385)	(1,636,983)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	2,160,069	(11,247)	(225,911)	1,181,350
GAAP BASIS FUND BALANCES/NET POSITION:				
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	2,401,594	21,350	978,353	6,090,424
Prior Period Adjustments (See Note 15A)	-	-	-	199,962
Accounting Changes (See Note 15B)	-	-	-	19,862
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	2,401,594	21,350	978,353	6,310,248
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 4,561,663	$ 10,103	$ 752,442	$ 7,491,598

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

PROPRIETARY FUND TYPES							
HIGHER EDUCATION INSTITUTIONS	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**TOTAL PRIMARY GOVERNMENT**	**FIDUCIARY FUND TYPES**
$ -	$ -	$ -	$ -	$ -	$ -	$ 12,392,798	$ -
2,572,657	-	11,029	1,126,820	376,381	420,429	8,343,450	2,246
-	-	-	2,948,793	(130)	-	7,252,162	-
2,572,657	-	11,029	4,075,613	376,251	420,429	27,988,410	2,246
-	-	-	-	-	-	1,935,467	-
530,397	54,642	594,668	21,949	1,119,597	79,253	13,929,537	6,334,304
405,728	16,420	6,994,675	94,763	151,042	-	14,958,141	-
936,125	71,062	7,589,343	116,712	1,270,639	79,253	30,823,145	6,334,304
3,508,782	71,062	7,600,372	4,192,325	1,646,890	499,682	58,811,555	6,336,550
-	-	-	-	-	-	10,781,320	-
1,277,100	-	3,705	1,114,635	307,328	396,695	6,269,872	2,112
-	-	-	2,948,780	-	-	7,236,765	-
1,277,100	-	3,705	4,063,415	307,328	396,695	24,287,957	2,112
-	-	-	-	-	-	1,748,843	-
617,593	34,990	3,064,261	21,979	866,783	86,997	15,011,386	4,181,507
440,479	-	6,495,332	94,778	167,605	-	17,698,911	-
1,058,072	34,990	9,559,593	116,757	1,034,388	86,997	34,459,140	4,181,507
2,335,172	34,990	9,563,298	4,180,172	1,341,716	483,692	58,747,097	4,183,619
1,295,557	-	7,324	12,198	68,923	23,734	3,700,453	134
(121,947)	36,072	(1,970,250)	(45)	236,251	(7,744)	(3,635,995)	2,152,797
-	(8,809)	(14)	601	(12,689)	(1,498)	(43,254)	(60,802)
-	-	-	-	-	-	-	-
18,749	(24,422)	102,284	(35,144)	144,812	88,415	6,761,606	(377,304)
9,505	-	-	1,681	(42,695)	(1,113)	(3,858,813)	317,640
930,434	-	-	-	-	-	930,434	-
2,132,298	2,841	(1,860,656)	(20,709)	394,602	101,794	3,854,431	2,032,465
3,104,807	1,360,633	(1,531)	74,947	574,844	(400,273)	14,205,148	9,680,772
168,003	-	-	13,671	15	-	381,651	(197,839)
274	-	-	-	331	-	20,467	817,588
3,273,084	1,360,633	(1,531)	88,618	575,190	(400,273)	14,607,266	10,300,521
$ 5,405,382	$ 1,363,474	$ (1,862,187)	$ 67,909	$ 969,792	$ (298,479)	18,461,697	$ 12,332,986

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) 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, Schools, and State and Judicial NCE Divisions.

State Division

(Amounts In Thousands)	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	95.60%	95.49%	95.40%	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of Net Pension liability	$ 9,066,999	$ 9,265,778	$ 10,855,754	$ 19,091,149	$ 17,539,728	$ 10,079,252	$ 9,016,144	$ 8,539,181
State's covered payroll	$ 3,054,983	$ 3,376,294	$ 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	296.79%	274.44%	332.70%	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	65.34%	62.24%	55.11%	43.20%	42.59%	56.11%	59.84%	61.00%

Judicial Division

(Amounts In Thousands)	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	93.49%	94.28%	94.06%	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of Net Pension liability	$ 57,929	$ 85,727	$ 132,873	$ 218,136	$ 239,423	$ 172,824	$ 129,499	$ 102,756
State's covered payroll	$ 49,365	$ 55,934	$ 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	117.35%	153.27%	238.52%	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	87.06%	80.02%	68.48%	58.70%	53.19%	60.13%	66.89%	77.41%

Denver Public Schools Division

(Amounts In Thousands)	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	0.00%	30.71%	34.13%
State's proportionate share of Net Pension liability	$ -	$ 202,321	$ 349,095
Plan fiduciary net position as a percentage of the total pension liability	90.48%	84.73%	75.69%

Schools Division

(Amounts In Thousands)	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	0.00%	11.26%	12.03%
State's proportionate share of Net Pension liability	$ -	$ 1,681,628	$ 2,129,952
Plan fiduciary net position as a percentage of the total pension liability	66.99%	64.52%	57.01%

State Division as a Non-Employer Contributing Entity

(Amounts In Thousands)	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	0.00%	0.51%	0.55%
State's proportionate share of Net Pension liability	$ -	$ 49,203	$ 62,292

Judicial Division as a Non-Employer Contributing Entity

(Amounts In Thousands)	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	0.00%	0.64%	0.85%
State's proportionate share of Net Pension liability	$ -	$ 582	$ 1,199

*The Legislature suspended required contributions for FY 2021; therefore, no liability was recognized.

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 for each fiscal year ending June 30. For the Fiscal Years 2020 and 2019 State and Judicial Trust Divisions, figures reported for the contributions as a percentage of covered payroll differs from the actual employer contribution rate specified in statute due to additional contractually required contributions directly distributed to PERA in accordance with Senate Bill 18-200. In addition, the State made contractually required non-employer contributions to the Fiscal Year 2020 and 2019 State and Judicial Trust Divisions that are not reflected in the tables below (see Note 6 for additional information).

State & Judicial Division

(Amounts In Thousands)	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Contractually required contributions	$ 634,454	$ 685,396	$ 649,516	$ 549,049	$ 524,478	$ 492,159	$ 453,406	$ 419,912	$ 368,468	$ 276,326
Contributions in relation to the contractually required contributions	(634,454)	(685,396)	(649,516)	(549,049)	(524,478)	(492,159)	(453,406)	(419,912)	(368,468)	(276,326)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,039,152	3,513,083	3,377,180	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455
Contributions as a percentage of covered payroll	20.88%	19.51%	19.23%	19.08%	18.64%	17.76%	16.87%	15.98%	14.62%	11.26%

State Division

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Contractually required contributions	625,966	673,795	639,485	541,295	516,932	484,588	$ 446,528	$ 413,694	$ 362,791	$ 272,068
Contributions in relation to the contractually required contributions	(625,966)	(673,795)	(639,485)	(541,295)	(516,932)	(484,588)	(446,528)	(413,694)	(362,791)	(272,068)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	2,991,492	3,455,535	3,320,884	2,829,559	2,767,479	2,725,417	2,645,149	2,590,401	2,479,774	2,422,689
Contributions as a percentage of covered payroll	20.92%	19.50%	19.26%	19.13%	18.68%	17.78%	16.88%	15.97%	14.63%	11.23%

Judicial Division

	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Contractually required contributions	$ 8,488	$ 11,601	$ 10,031	$ 7,754	$ 7,546	$ 7,571	$ 6,878	$ 6,218	$ 5,677	$ 4,258
Contributions in relation to the contractually required contributions	(8,488)	(11,601)	(10,031)	(7,754)	(7,546)	(7,571)	(6,878)	(6,218)	(5,677)	(4,258)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	47,660	57,548	56,296	47,454	46,181	46,332	42,088	38,057	41,019	30,766
Contributions as a percentage of covered payroll	17.81%	20.16%	17.82%	16.34%	16.34%	16.34%	16.34%	16.34%	13.84%	13.84%

The schedule on the following page presents a three-year history of the State's (primary government's) Senate Bill 18-200 contractually required contributions to PERA for the Denver Public Schools and Schools Divisions, and the State and Judicial Divisions for which the State is a non-employer contributing entity for each fiscal year ending June 30.

*The state legislature suspended contributions for Fiscal Year 2021 due to the COVID-19 pandemic.

Denver Public Schools Division

	FY 2021*	FY 2020	FY 2019
Contractually required contributions	-	$ 19,201	$ 18,622
Contributions in relation to the contractually required contributions	-	(19,201)	(18,622)
Contribution deficiency(excess)		-	-

Schools Division

	FY 2021*	FY 2020	FY 2019
Contractually required contributions	-	$ 127,367	$ 126,505
Contributions in relation to the contractually required contributions	-	(127,367)	(126,505)
Contribution deficiency(excess)		-	-

State Division as a Non-Employer Contributing Entity

	FY 2021*	FY 2020	FY 2019
Contractually required contributions	-	$ 3,480	$ 3,607
Contributions in relation to the contractually required contributions	-	(3,480)	(3,607)
Contribution deficiency(excess)		-	-

Judicial Division as a Non-Employer Contributing Entity

	FY 2021*	FY 2020	FY 2019
Contractually required contributions	-	$ 77	$ 82
Contributions in relation to the contractually required contributions	-	(77)	(82)
Contribution deficiency(excess)		-	-

B. SIGNFICANT CHANGES IN ASSUMPATIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.

- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.

- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.

- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

  - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:

  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

<u>2019 Changes in Assumptions or Other Inputs Since 2018</u>

- The assumption used to value the AI cap benefit provision was changed from 1.50 percent to 1.25 percent.

<u>2018 Changes in Assumptions or Other Inputs Since 2017</u>

- The single equivalent interest rate (SEIR) for the State Division was increased from 4.72 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the fiduciary net position (FNP), thereby eliminating the need to apply the municipal bond index rate.

- The SEIR for the School Division was increased from 4.78 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

- The SEIR for the Judicial Division was increased from 5.41 percent to 7.25 percent to reflect the changes to the projection's valuation basis which no longer resulted in a projected year of depletion of the FNP, thereby eliminating the need to apply the municipal bond index rate.

<u>2017 Changes in Assumptions or Other Inputs Since 2016</u>

- The SEIR for the State Division was lowered from 5.26 percent to 4.72 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

- The SEIR for the Judicial Division was increased from 5.18 percent to 5.41 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate.

- The municipal bond index rate used in the determination of the SEIR for the State and Judicial Divisions changed from 3.86 percent on the prior measurement date to 3.43 percent on the measurement date.

<u>2016 Changes in Assumptions or Other Inputs Since 2015</u>

- The investment return assumption was lowered from 7.50 percent to 7.25 percent.

- The price inflation assumption was lowered from 2.80 percent to 2.40 percent.

- The wage inflation assumption was lowered from 3.90 percent to 3.50 percent.

- The post-retirement mortality assumption for healthy lives for the State Division was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 73 percent factor applied to ages below 80 and a 108 percent factor applied to age 80 and above, projected to 2018, for males, and a 78 percent factor applied to ages below 80 and a 109 percent factor applied to age 80 and above, projected to 2020, for females.
- The post-retirement mortality assumption for healthy lives for the Judicial Division was changed to the RP-2014 White Collar Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of a 93 percent factor applied to ages below 80 and a 113 percent factor applied to age 80 and above, projected to 2018, for males, and a 68 percent factor applied to ages below 80 and a 106 percent factor applied to age 80 and above, projected to 2020, for females.

- For disabled retirees, the mortality assumption was changed to reflect 90 percent of RP-2014 Disabled Retiree Mortality Table.
- The mortality assumption for active members was changed to 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.

- The rates of retirement, withdrawal, and disability were revised to reflect more closely actual experience.

- The estimated administrative expense as a percentage of covered payroll was increased from 0.35 percent to 0.40 percent.

- The SEIR for the State Division was lowered from 7.50 percent to 5.26 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate of 3.86 percent on the measurement date.

- The SEIR for the Judicial Division was lowered from 5.73 percent to 5.18 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 3.57 percent on the prior measurement date to 3.86 percent on the measurement date.

<u>015 Changes in Assumptions or Other Inputs Since 2014</u>

- The SEIR for the Judicial Division was lowered from 6.14 percent to 5.73 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 3.70 percent on the prior measurement date to 3.57 percent on the measurement date.

- The following programming changes were made:

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

- The following methodology changes were made:

    - Recognition of merit salary increases in the firs projection year.
    - Elimination of the assumption that 35 percent of future disabled members elect to receive a refund.
    - Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
    - Adjustments to the timing of the normal cost and UAAL payment calculations to reflect contributions throughout the year.

2014 Changes in Assumptions or Other Inputs Since 2013

- The SEIR for the Judicial Division was lowered from 6.66 percent to 6.14 percent to reflect the changes to the projection's valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 4.73 percent on the prior measurement date to 3.70 percent on the measurement date.

2013 Changes in Assumptions or Other Inputs Since 2012

- The investment return assumption was lowered from 8.00 percent to 7.50 percent.

- The price inflation assumption was lowered from 3.50 percent to 2.80 percent.

- The wage inflation assumption was lowered from 4.25 percent to 3.90 percent.

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 2020	CY 2019	CY 2018	CY 2017	CY 2016
State's proportion (percentage) of the collective net OPEB liability	32.96%	32.75%	33.40%	33.71%	33.83%
State's proportionate share of the collective net OPEB liability	$ 153,578	$ 368,098	$ 454,363	$ 438,113	$ 438,677
State's covered payroll	$ 3,102,215	$ 3,023,000	$ 2,923,641	$ 2,842,778	$ 2,797,414
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	4.95%	12.18%	15.54%	15.41%	15.68%
Fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	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 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012
Contractually required contributions	$ 31,408	$ 31,659	$ 30,171	$ 29,346	$ 28,699	$ 28,272	$ 27,410	$ 26,810	$ 25,712	$ 25,025
Contributions in relation to the contractually required contributions	(31,408)	(31,659)	(30,171)	(29,346)	(28,699)	(28,272)	(27,410)	(26,810)	(25,712)	(25,025)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,079,159	3,103,809	2,957,937	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455
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 UNIVERSITY OPEB LIABILITY AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

CHANGES IN TOTAL UNIVERSITY OPEB LIABILITY AND RELATED RATIOS

	Fiscal Year Ending June 30:			
University OPEB Plan (Amounts in Thousands)	2021	2020	2019	2018
Service cost	$ 49,138	53,400	49,754	53,099
Interest cost	26,392	34,254	28,404	24,648
Changes in benefit terms		-	-	-
Differences between expected and actual experience	287	(206,938)	(1,728)	(87,654)
Changes of assumptions	168,948	3,678	35,919	(46,406)
Benefit payments	(16,062)	(15,461)	(15,163)	(17,211)
Net change in total OPEB liability	228,703	(131,067)	97,186	(73,524)
Total OPEB liability (beginning)	712,892	843,959	746,773	820,297
Total OPEB liability (ending)	941,595	712,892	843,959	746,773
Covered-employee payroll	$ 2,053,724	1,719,840	1,663,010	1,475,177
Total OPEB liability as a % of payroll	45.85%	41.45%	50.75%	50.62%

C. SIGNFICANT CHANGES IN ASSUMPATIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

PERA Health Care Trust Fund

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent, and the wage inflation assumption was lowered from 3.50 percent to 3.00 percent.

- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.

- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.

- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.

- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:

    - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

    - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

There were no significant changes in assumptions or other inputs effective for the December 31, 2019, December 31, 2018, or December 31, 2017 measurement periods for the PERA HCTF.

University of Colorado OPEB

2020 Changes in Assumptions or Other Inputs Since 2019

- Discount rate changed from 3.50 percent to 3.85 percent.

- Mortality table was updated from the PUB-2010 “Teachers” table with generational projection using Scale MP-2019 to the PUB-2010 “Teachers” table with generational projection using Scale MP-2020.

2019 Changes in Assumptions or Other Inputs Since 2018

- Discount rate changed from 3.85 percent to 3.50 percent.

- Mortality table was updated from the PUB-2010 “Teachers” table with generational projection using Scale MP-2018 to the PUB-2010 “Teachers” table with generational projection using Scale MP-2019.

- Health care trend rates were updated.

- Health care claim costs and retiree contributions were updated based upon recent expenditures.

2018 Changes in Assumptions or Other Inputs Since 2017

- Discount 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 the PUB-2010 Teachers Classification Table with generational projection using Scale MP-2018. The impact of this change was an increase in Total OPEB Liability of about 8 percent.

2017 Changes in Assumptions or Other Inputs Since 2016

- Discount rate changed from 2.85 percent to 3.60 percent.

- Health care trend rates were updated.

- 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)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GENERAL PURPOSE REVENUE COMPONENT
FOR THE YEAR ENDED JUNE 30, 2021
(DOLLARS IN THOUSANDS)

	Forecasted / Budgeted Amounts		Actual Amounts
	Original	Final	Budgetary Basis
Budgetary fund balance, July 1	$ 1,461,379	$ 1,461,379	$ 1,461,379
Resources (Inflows):			
Sales and use tax	3,918,100	3,905,000	3,921,937
Other excise taxes	106,900	208,500	112,551
Individual income tax, net	7,963,150	7,372,010	8,312,319
Corporate income tax, net	750,550	619,490	1,111,864
Insurance tax	339,900	319,300	336,301
Pari-mutuel, courts, and other	29,300	30,000	45,332
Investment income	28,300	29,800	50,038
Transfers-in from other funds	17,400	325,100	332,883
Amounts available for appropriation	14,614,979	14,270,579	15,684,604
Charges to appropriations (outflows):			
Agriculture	11,344	14,796	14,795
Corrections	844,440	844,950	827,847
Education	3,939,029	4,019,313	4,015,590
Governor	53,004	102,714	84,167
Health Care Policy and Financing	3,453,134	3,211,347	3,101,724
Higher Education	607,815	608,308	607,950
Human Services	960,929	1,010,424	1,004,179
Judicial Branch	581,370	578,549	559,184
Labor and Employment	18,494	18,792	18,222
Law	14,285	14,284	13,765
Legislative Branch	54,558	53,660	53,626
Local Affairs	102,565	130,907	114,324
Military and Veterans Affairs	10,344	10,350	9,932
Natural Resources	40,496	40,496	33,236
Personnel and Administration	16,721	30,894	30,805
Public Health and Environment	61,111	64,391	63,908
Public Safety	152,051	148,122	138,450
Regulatory Agencies	1,941	1,941	1,906
Revenue	200,232	444,987	440,026
Transportation	1,000	1,000	949
Treasury	902,955	1,272,621	1,427,504
Nondepartmental:			
Transfers-out to capital projects fund	23,989	23,989	23,989
Total charges to appropriations	12,051,807	12,646,835	12,586,078
Budgetary reserves and amounts not forecasted or budgeted:			
Decrease in Contingency reserve - C.R.S. 24-75-201.1	47,300	47,300	47,300
Release of prior year State Controller approved rollforwards			35,241
State Controller approved rollforwards			(106,416)
Net of revenues not forecasted and expenditures not budgeted			144,299
Total budgetary reserves and amounts not forecasted or budgeted	47,300	47,300	120,424
Budgetary fund balance, June 30	$ 2,610,472	$ 1,671,044	$ 3,218,950

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, 2021
(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.	$ 15,684,604
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.	(1,461,379)
Federal revenues not forecasted	9,248,994
Fee revenues and other funding sources not forecasted	776,410
Other revenues not forecasted	24,859
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).	(15,550)
Fair value of investments in excess of cost is excluded from inflows of budgetary resources but is revenue for financial reporting purposes.	39,428
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control	(1,042,494)
Transfers are inflows of budgetary resources but are other financing sources for financial reporting purposes.	(528,219)
Face Amount of Bond/COP Issuance Bond/COP Premium/Discount	-
Capital asset related proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(1,337)
Insurance recoveries are not revenues for financial reporting purposes.	(19)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$ 22,725,297
Uses/outflows of resources and reserves:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	12,586,078
Differences - budget to GAAP:	
Expenditures of federal grants and contracts not budgeted	9,257,420
Fee revenue and other funding uses not budgeted	730,247
Other expenditures not budgeted	(81,703)
Transfers to other funds are outflows of budgetary resources but are other financing uses for financial reporting purposes. (Adjusted for SC22 entries)	(6,068,688)
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).	27,181
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).	120,664
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).	440
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control.	(1,042,494)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances—general fund components	$ 15,529,145

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 2020 forecast is used for the original budget and the December 2020 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. Section 24-75-201(2)(a)(II), C.R.S. excludes Medicaid revenues from inflows of budgetary resources but they are revenues for financial reporting. Section 24-75-201(2)(a)(III), C.R.S. excludes Medicaid expenditures from outflows of budgetary resources but they are expenditures for financial reporting. Section 24-75-201(2)(a)(IV), C.R.S. excludes some payroll-related expenditures from outflows of budgetary resources but they are expenditures for financial reporting. Section 24-75-201(2)(a)(IV), C.R.S. 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 (Section 24-75-201.1, C.R.S.) 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 statutory reserve for the fiscal year ended June 30, 2021 is $314.0 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.

Senate Bill (SB) 21-277 established the State Emergency Reserve Cash Fund effective with the State's fiscal year ended June 30, 2021. The State Emergency Reserve Cash Fund is reported as the Emergency Reserve component of the State's general fund. The Emergency Reserve is a stabilization arrangement in addition to the general fund statutory reserve required by Section 24-75-201.1, C.R.S. Refer to the Stabilization Arrangements section of Note 15 for additional information on the Emergency Reserve.

COLORADO

Office of the State Controller

Department of Personnel & Administration

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APPENDIX B

FORMS OF THE MASTER INDENTURE, THE 2021S SUPPLEMENTAL INDENTURE, THE 2021S LEASE, THE 2021S SITE LEASE AND THE 2021S SUBLEASE

(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 form of Master Indenture appended to Official Statement]

APPENDIX B

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[omitted for form of Master Indenture appended to Official Statement]

APPENDIX C

GLOSSARY

[omitted for form of Master Indenture appended to Official Statement; see Glossary appended to Form of Series 2018N Supplemental Indenture, which amends and restates in its entirety the Glossary to this Master Indenture]

FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2021S SUPPLEMENTAL TRUST INDENTURE

by

ZIONS BANCORPORATION, NATIONAL ASSOCIATION
as Trustee

authorizing

State of Colorado
Building Excellent Schools Today
Certificates of Participation
Tax-Exempt Series 2021S

Dated as of December 9, 2021

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STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2021S SUPPLEMENTAL TRUST INDENTURE

This State of Colorado Building Excellent Schools Today Series 2021S Supplemental Trust Indenture (this "Series 2021S Supplemental Indenture") is dated as of December 9, 2021, 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 2021S Supplemental Indenture is a Supplemental Indenture and is being executed to provide additional terms applicable to the Series 2021S Certificates.

AGREEMENT

The Trustee hereby declares for the benefit of the Owners as follows:

ARTICLE I

SERIES 2021S 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 2021S Supplemental Indenture: State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2021S.

Section 1.02. Principal Amounts, Dated Dates, Maturity Dates and Interest.

(a) The Series 2021S Certificates are hereby designated as Tax-Exempt Certificates.

(b) The aggregate principal amount of the Series 2021S Certificates shall be $150,415,000.

(c) The Authorized Denominations of the Series 2021S Certificates are $5,000 and any integral multiple thereof.

(d) The Series 2021S Certificates executed and delivered on the date the Series 2021S 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 2021S Certificate executed and delivered upon transfer and exchange of another Series 2021S 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 2021S 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 2021S Certificate shall bear interest from the date the Series 2021S Certificates are first executed and delivered.

(e) Interest on the Series 2021S Certificates shall be calculated based on a 360-day year consisting of twelve 30-day months.

(f) The Series 2021S 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**
2022	$6,115,000	5.000%
2023	1,505,000	5.000
2024	1,250,000	5.000
2025	1,375,000	5.000
2026	1,445,000	5.000
2027	1,530,000	5.000
2028	1,605,000	5.000
2029	1,690,000	5.000
2030	1,780,000	5.000
2031	2,150,000	5.000
2032	2,710,000	5.000
2033	3,695,000	5.000
2034	4,375,000	5.000
2035	4,920,000	5.000
2036	5,160,000	4.000
2037	5,370,000	4.000
2038	5,585,000	4.000
2039	5,805,000	4.000
2040	6,035,000	4.000
2041	6,280,000	4.000
2042	5,925,000	4.000
2043	4,460,000	4.000
2044	4,640,000	4.000
2045	5,430,000	4.000
2046	59,580,000	4.000

Section 1.03. Redemption.

(a) ***Extraordinary Redemption Upon Occurrence of Event of Nonappropriation or Event of Default***. The Series 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S Certificate and such other Certificate, and no Owner of any such Series 2021S 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 2021S 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 2021S 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 2021S 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 2021S Certificates maturing on March 15, 2046 bearing interest at a per annum interest rate of 4.00% 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 2021S Certificates maturing on a particular date shall be selected for redemption on each mandatory sinking fund redemption date by lot from all remaining Series 2021S Certificates maturing on such date and bearing such rate, rounded to the nearest Authorized Denomination.

Mandatory Sinking Fund Redemption Date (March 15)	Principal Amount
2042	$5,925,000
2043	4,460,000
2044	4,640,000
2045	5,430,000
2046*	59,580,000

* 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 2021S Certificates with the same maturity date and interest rate as the Series 2021S 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 2021S Certificates with the same maturity date and interest rate as the Series 2021S 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 2021S 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 2021S Certificates to be redeemed as part of such mandatory sinking fund redemption on such dates shall be accordingly reduced.]

(c) ***Optional Redemption***. The Series 2021S 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, 2031, at a redemption price equal to the principal amount of the Series 2021S Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.

Section 1.04. Form of Certificates. The Series 2021S 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 2021S 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 2.04. 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 2.05. 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 3.04. 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 3.05. 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 3.06. 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 3.07. 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 3.08. 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 2021S Lease and the written certification by the State in the 2021S 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 3.09. 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 3.10. 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: charles.scheibe@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 3.11. 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 2021S Supplemental Indenture as if set forth in full herein.

ARTICLE V

MISCELLANEOUS

Section 5.04. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Series 2021S 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 5.05. Interpretation and Construction. This Series 2021S 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 2021S Supplemental Indenture. For purposes of this Series 2021S Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Series 2021S 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 2021S Supplemental Indenture. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Series 2021S 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 5.06. Legal Description of Land Included in Leased Property.

(a) The legal description of the land included in the Leased Property subject to the 2021S Lease is set forth in Appendix C hereto. If the land included in the Leased Property subject to the 2021S Lease is modified pursuant to the terms of the 2021S Lease or other land is substituted for land included in the Leased Property subject to the 2021S Lease pursuant to the terms of the 2021S 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 2021S Lease after such modification or substitution.

(b) The Leased Property subject to the 2021S 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, the Leased Property subject to the 2018N Lease described in Appendix C to the Series 2018N Supplemental Indenture, the Leased Property subject to the 2019O Lease described in Appendix C to the Series 2019O Supplemental Indenture, the Leased Property subject to the 2019P Lease described in Appendix B to the Series 2019P Supplemental Indenture, the Leased Property subject to the 2019Q Lease described in Appendix B to the Series 2019Q Supplemental Indenture and the Leased Property subject to the 2020R Lease described in Appendix C to the Series 2020R 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, the Series 2018N Supplemental Indenture, the Series 2019O Supplemental Indenture, the Series 2019P Supplemental Indenture, the Series 2019Q Supplemental Indenture and the Series 2020R 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, Appendix C to the Series 2018N Supplemental Indenture, Appendix C to the Series 2019O Supplemental Indenture, Appendix B to the Series 2019P Supplemental Indenture, Appendix B to the Series 2019Q Supplemental Indenture and Appendix C to the Series 2020R 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, the Series 2019O Supplemental Indenture, the Series 2019P Supplemental Indenture, the Series 2019Q Supplemental Indenture, the Series 2020R Supplemental Indenture and this Series 2021S 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, (xii) the property described in Appendix C to the Series 2019O Supplemental Indenture, (xiii) the property described in Appendix B to the Series 2019P Supplemental Indenture, (xiv) the property described in Appendix B to the Series 2019Q Supplemental Indenture, (xv) the property described in Appendix C to the Series 2020R Supplemental Indenture and (xvi) the property described in Appendix C hereto.

Section 5.07. Execution in Counterparts. This Series 2021S 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 5.08. 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 2021S Supplemental Indenture as if set forth in full herein.

IN WITNESS WHEREOF, the Trustee has executed this Series 2021S 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 2021S Supplemental Indenture]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ___ day of December, 2021 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 2021S CERTIFICATE

[omitted for form of Series 2021S Supplemental indenture appended to Official Statement]

APPENDIX B

FORM OF PROJECT ACCOUNT REQUISITION

[omitted for form of Series 2021S Supplemental Indenture appended to Official Statement]

APPENDIX C

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY SUBJECT TO THE 2021S LEASE

[omitted for form of Series 2021S Supplemental Indenture appended to Official Statement]

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; 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.

"*Anti-Corruption Laws*" means all laws, rules, and regulations of any jurisdiction applicable to the State from time to time concerning or relating to bribery or corruption.

"*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 2021S Certificates, Sherman & Howard, LLC, and (b) as of any other date, Sherman & Howard, LLC 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; (k) means, with respect to the 2019P Certificates, March 15 and September 15, commencing March 15, 2020; (l) means, with respect to the 2019Q Certificates, March 15 and September 15, commencing March 15, 2020; (m) means, with respect to the 2020R Certificates, March 15 and September 15, commencing March 15, 2021; (n) means with respect to the 2021S Certificates, March 15 and September 15, commencing March 15, 2022; and (o) 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, the Series 2019O Supplemental Indenture, the Series 2019P Supplemental Indenture, the Series 2019Q Supplemental Indenture, the Series 2020R Supplemental Indenture and the Series 2021S 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.

"*MSRB*" means the Municipal Securities Rulemaking Board and any successor body.

"*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; (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; and (j) with respect to the 2019P Leased Property and the 2019Q Leased Property, Permitted Encumbrances additionally means any items listed on the title reports of such property delivered by the State to the 2019P Initial Purchaser or 2019Q Initial Purchaser, as applicable, prior to the execution and delivery of the Series 2019P Certificates and the Series 2019Q Certificates by the Trustee.

"*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.

"*Rule 15c2-12*" means Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12), as amended, promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

"*S&P*" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., and its successors and assigns.

"*Sanctioned Country*" means, at any time, a country, region or territory which is the subject or target of any Sanctions (at the date of the 2019P Lease and the 2019Q Lease, Crimea, Cuba, Iran, North Korea, and Syria).

"*Sanctioned Person*" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state, Her Majesty's Treasury of the United Kingdom or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or Controlled by any such Person or Persons described in the foregoing clauses (a) or (b), or (d) any Person otherwise the subject of any Sanctions.

"*Sanctions*" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the U.S. Department of State.

"*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.

"*SEC*" means the U.S. Securities and Exchange Commission and any successor body.

"*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.

"*Series 2019P Certificates*" means the State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Taxable (Convertible to Tax-Exempt) Series 2019P.

"*Series 2019P Interest*" means the interest payable on the Series 2019P Certificates pursuant to the Series 2019P Supplemental Indenture, which Series 2019P Interest shall equal: (a) for any date prior to the 2019P Tax-Exempt Conversion Date, if any, the per annum rate set forth under "Taxable Interest Rate" in Section 1.02(f) of the Series 2019P Supplemental Indenture; and (ii) on and after the 2019P Tax-Exempt Conversion Date, if any, the per annum rate set forth under "Tax-Exempt Interest Rate" in such Section 1.02(f); provided that if an Adverse Tax Event shall have occurred with respect to the Series 2019P Certificates on any date following the 2019P Tax-Exempt Conversion Date, the Series 2019P Certificates shall thereafter bear interest at the per annum rate set forth under "Taxable Interest Rate" in such Section 1.02(f).

"*Series 2019P Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 27, 2019 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2019P/Q Defeasance Escrow Agreement*" means the State of Colorado Building Excellent Schools Today Series 2019P/Q Defeasance Escrow Agreement dated as of December 27, 2019 between the State and the Trustee, in its capacity as escrow agent.

"*Series 2019P/Q Defeasance Escrow Account*" means the account of that name maintained pursuant to the Series 2019P/Q Defeasance Escrow Agreement.

"*Series 2019Q Certificates*" means the State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Taxable (Convertible to Tax-Exempt) Series 2019Q.

"*Series 2019Q Interest*" means the interest payable on the Series 2019Q Certificates pursuant to the Series 2019Q Supplemental Indenture, which Series 2019Q Interest shall equal: (a) for any date prior to the 2019Q Tax-Exempt Conversion Date, if any, the per annum rate set forth under "Taxable Interest Rate" in Section 1.02(f) of the Series 2019Q Supplemental Indenture; and (ii) on and after the 2019Q Tax-Exempt Conversion Date, if any, the per annum rate set forth under "Tax-Exempt Interest Rate" in such Section 1.02(f); provided that if an Adverse Tax Event shall have occurred with respect to the Series 2019Q Certificates on any date following the 2019Q Tax-Exempt Conversion Date, the Series 2019Q Certificates shall thereafter bear interest at the per annum rate set forth under "Taxable Interest Rate" in such Section 1.02(f).

"*Series 2019Q Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 27, 2019 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2020R Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2020R.

"*Series 2020R Interest*" means the interest payable on the Series 2020R Certificates pursuant to the Series 2020R Supplemental Indenture.

"*Series 2020R Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December 9, 2020 by the Trustee, as it may be amended or supplemented from time-to-time by a Supplemental Indenture or otherwise.

"*Series 2021S Certificates*" means the State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2021S.

"*Series 2021S Interest*" means the interest payable on the Series 2021S Certificates pursuant to the Series 2021S Supplemental Indenture.

"*Series 2021S Supplemental Indenture*" means the State of Colorado Building Excellent Schools Today Supplemental Trust Indenture dated as of December [9], 2021 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 2017J Lease, the 2017K Lease, the 2018L Lease, the 2018M Lease, the 2018N Lease, the 2019O Lease, the 2019P Lease, the 2019Q Lease, the 2020R Lease or the 2021S 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 2017J 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; (c) 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; (d) with respect to any Base Rent Payment Date under the 2018L Lease, the sum of the Amortizing Principal (with respect to the Series 2010B-C Certificates and the Series 2018L Certificates), Series 2010B-C Interest and Series 2018L Interest components of Base Rent payable pursuant to the 2018L Lease on such Base Rent Payment Date; (e) with respect to any Base Rent Payment Date under the 2018M Lease, the sum of the Amortizing Principal (with respect to the Series 2010E-F Certificates and the Series 2018M Certificates), Series 2010E-F Interest and Series 2018M Interest components of Base Rent payable pursuant to the 2018M Lease on such Base Rent Payment Date; (f) 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; (g) 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; (h) with respect to any Base Rent Payment Date under the 2019P Lease, the sum of the Amortizing Principal (with respect to the Series 2012H Certificates and the Series 2019P Certificates), Series 2012H Interest and Series 2019P Interest components of Base Rent payable pursuant to the 2019P Lease on such Base Rent Payment Date; (i) with respect to any Base Rent Payment Date under the 2019Q Lease, the sum of the Amortizing Principal (with respect to the Series 2013I Certificates and the Series 2019Q Certificates), Series 2013I Interest and Series 2019Q Interest components of Base Rent payable pursuant to the 2019Q Lease on such Base Rent Payment Date; (j) with respect to any Base Rent Payment Date under the 2020R Lease, the sum of the Amortizing Principal and Series 2020R Interest components of Base Rent payable pursuant to the 2020R Lease on such Base Rent Payment Date, and (k) with respect to any Base Rent Payment Date under the 2021S Lease, the sum of the Amortizing Principal and Series 2021S Interest components of Base Rent payable pursuant to the 2021S 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, (a) prior to the amendment and restatement thereof by the 2018L Lease, 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, and (b) thereafter, the 2018L Lease.

"*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, (a) prior to the amendment and restatement thereof by the 2018M Lease, 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, and (b) thereafter, the 2018M Lease.

"*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, (a) prior to the amendment and restatement thereof by the 2019P Lease, 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, and (b) thereafter, the 2019P Lease.

"*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, (a) prior to the amendment and restatement thereof by the 2019Q Lease, 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., and (b) thereafter, the 2019Q Lease.

"*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.

"*2019P Certificates*" means the Series 2019P Certificates.

"*2019P Initial Purchaser*" means DNT Asset Trust, a Delaware statutory trust and wholly owned subsidiary of JPMorgan Chase Bank N.A., and any successors and assigns that are affiliates of JPMorgan Chase Bank N.A., as the initial purchaser of all of the 2019P Certificates. All references to the 2019P Initial Purchaser hereunder shall be applicable for so long as, and only to the extent that, the 2019P Initial Purchaser is the sole owner of all Outstanding 2019P Certificates. All references herein to the 2019P Initial Purchaser shall be of no force and effect in the event that the 2019P Initial Purchaser is not the sole Owner of all Outstanding 2019P Certificates.

"*2019P Lease*" means the State of Colorado Building Excellent Schools Today Series 2019P Amended and Restated Lease Purchase Agreement dated as of December 27, 2019 between the Trustee and the State, as amended or supplemented from time to time.

"*2019P Leased Property*" means the Leased Property subject to the 2019P Lease.

"*2019P Participating K-12 Institutions*" means the 2012H Participating K-12 Institutions.

"*2019P Site Leases*" means the 2012H Site Leases, as amended or supplemented from time to time.

"*2019P Site Lessors*" means the 2012H Site Lessors.

"*2019P Subleases*" means the 2012H Subleases, as amended or supplemented from time to time.

"*2019P Sublessees*" means the 2012H Sublessees.

"*2019P Tax-Exempt Conversion Date*" means any date on which the Series 2019P Certificates are converted to Tax-Exempt Certificates as provided in Section 1.05 of the Series 2019P Supplemental Indenture entitled "Conversion of the Series 2019P Certificates to Tax-Exempt Certificates."

"*2019Q Certificates*" means the Series 2019Q Certificates.

"*2019Q Initial Purchaser*" means DNT Asset Trust, a Delaware statutory trust and wholly owned subsidiary of JPMorgan Chase Bank N.A., and any successors and assigns that are affiliates of JPMorgan Chase Bank N.A., as the initial purchaser of all of the 2019Q Certificates. All references to the 2019Q Initial Purchaser hereunder shall be applicable for so long as, and only to the extent that, the 2019Q Initial Purchaser is the sole owner of all Outstanding 2019Q Certificates. All references herein to the 2019Q Initial Purchaser shall be of no force and effect in the event that the 2019Q Initial Purchaser is not the sole Owner of all Outstanding 2019Q Certificates.

"*2019Q Lease*" means the State of Colorado Building Excellent Schools Today Series 2019Q Amended and Restated Lease Purchase Agreement dated as of December 27, 2019 between the Trustee and the State, as amended or supplemented from time to time.

"*2019Q Leased Property*" means the Leased Property subject to the 2019Q Lease.

"*2019Q Participating K-12 Institutions*" means the 2013I Participating K-12 Institutions.

"*2019Q Site Leases*" means the 2013I Site Leases, as amended or supplemented from time to time.

"*2019Q Site Lessors*" means the 2013I Site Lessors.

"*2019Q Subleases*" means the 2013I Subleases, as amended or supplemented from time to time.

"*2019Q Sublessees*" means the 2013I Sublessees.

"*2019Q Tax-Exempt Conversion Date*" means any date on which the Series 2019Q Certificates are converted to Tax-Exempt Certificates as described in Section 1.05 of the Series 2019Q Supplemental Indenture entitled "Conversion of the Series 2019Q Certificates to Tax-Exempt Certificates."

"*2020R Certificates*" means the Series 2020R Certificates.

"*2020R Lease*" means the State of Colorado Building Excellent Schools Today Series 2020R Lease Purchase Agreement dated as of December 9, 2020 between the Trustee and the State, as amended or supplemented from time to time.

"*2020R Leased Property*" means the Leased Property subject to the 2020R Lease.

"*2020R Participating K-12 Institutions*" means School District No. 60, in Pueblo County, Colorado (commonly referred to as Pueblo School District No. 60) (with respect to the Sunset Park Elementary School Project); School District No. 60 in Pueblo County, Colorado (commonly referred to as Pueblo School District No. 60) (with respect to the Franklin School of Innovation Project); Weld County Reorganized School District RE-5J, in Larimer and Weld Counties, Colorado (commonly referred to as Weld County, School District No. RE-5); and School District RE-4 also known as School District No. 4 in Baca County, Colorado (commonly referred to as Springfield School District No. RE-4).

"*2020R Project Accounts*" means the Project Accounts into which proceeds of the Series 2020R Certificates are deposited.

"*2020R Projects*" means the Projects financed with proceeds of the Series 2020R Certificates.

"*2020R Site Leases*" means the Site Leases between the Trustee and the 2020R Site Lessors, as amended or supplemented from time to time, including, without limitation, separate Site Leases I and II of School District No. 60, Pueblo County, Colorado, relating to the Sunset Park Elementary School Project and the Franklin School of Innovation Project, respectively.

"*2020R Site Lessors*" means the 2020R Participating Institutions in their capacities as Site Lessors under the 2020R Site Leases.

"*2020R Subleases*" means the Subleases between the State and the 2020R Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time, including, without limitation, separate Subleases I and II of School District No. 60, Pueblo County, Colorado, relating to the Sunset Park Elementary School Project and the Franklin School of Innovation Project, respectively.

"*2020R Sublessees*" means the 2020R Participating K-12 Institutions in their capacities as Sublessees under the 2020R Subleases.

"*2021S Certificates*" means the Series 2021S Certificates.

"*2021S Lease*" means the State of Colorado Building Excellent Schools Today Series 2021S Lease Purchase Agreement dated as of December 9, 2021 between the Trustee and the State, as amended or supplemented from time to time.

"*2021S Leased Property*" means the Leased Property subject to the 2021S Lease.

"*2021S Participating K-12 Institutions*" means Fowler School District R-4J; Huerfano School District RE-1; Weld County School District RE-5J; Julesburg RE-1 School District; Rocky Ford School District No. R-2; and Thompson School District R2-J.

"*2021S Project Accounts*" means the Project Accounts into which proceeds of the Series 2021S Certificates are deposited.

"*2021S Projects*" means the Projects financed with proceeds of the Series 2021S Certificates.

"*2021S Site Leases*" means the Site Leases between the Trustee and the 2021S Site Lessors, as amended or supplemented from time to time.

"*2021S Site Lessors*" means the 2021S Participating Institutions in their capacities as Site Lessors under the 2021S Site Leases.

"*2021S Subleases*" means the Subleases between the State and the 2021S Sublessees and, in the case of a charter school, the charter school's Chartering Authority, as amended or supplemented from time to time.

"*2021S Sublessees*" means the 2021S Participating K-12 Institutions in their capacities as Sublessees under the 2021S 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 2021S 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 [9], 2021

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STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2021S LEASE PURCHASE AGREEMENT

This State of Colorado Building Excellent Schools Today Series 2021S Lease Purchase Agreement (this "Lease") is dated as of December [9], 2021 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 2021S Supplemental Trust Indenture dated as of December [9], 2021 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 2021S Projects for the 2021S 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 2021S Projects for the 2021S Participating K-12 Institutions and to enter into a Sublease or Participation Agreement with each 2021S 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, the Series 2019O Certificates were issued to finance the 2019O Projects for the 2019O Participating K-12 Institutions, the Series 2019P Certificates were issued to refund and defease in advance of their respective maturities certain of the Series 2012H Certificates, the Series 2019Q Certificates were issued to refund and defease in advance of their respective maturities certain of the Series 2013I Certificates, the Series 2020R Certificates were issued to finance the 2020R Projects for the 2020R Participating K-12 Institutions and the Series 2021S Certificates are being issue to finance the 2021S Projects for the 2021S 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) $125 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, the 2019O Certificates, the 2019P Certificates, the 2019Q Certificates, the 2020R Certificates and the 2021S 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 a 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 2021S 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 2021S 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 2021S Interest. The Amortizing Principal and the Series 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S Certificates; and (B) if any 2021S 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 2021S Certificates shall be substituted for the 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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** **Philip J. 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, 2021 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 Public

My commission expires:

____

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ___ day of December, 2021, 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 Public

My commission expires:

____

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[omitted for form of Series 2021S Lease Purchase Agreement appended to Official Statement]

EXHIBIT B

BASE RENT PAYMENT SCHEDULE

[omitted for form of Series 2021S Lease Purchase Agreement appended to Official Statement]

EXHIBIT C

TRUSTEE'S FEES AND EXPENSES

[omitted for form of Series 2021S Lease Purchase Agreement appended to Official Statement]]

FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SITE LEASE OF __________

by and between

[NAME OF SITE LESSOR],
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 [9], 2021

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EXHIBIT A – LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY .. A-1

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SITE LEASE OF [NAME OF SITE LESSOR]

This State of Colorado Building Excellent Schools Today Site Lease (this "Site Lease") is dated as of December [9], 2021 and is entered into by and between [NAME OF SITE LESSOR] (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 2021S Supplemental Trust Indenture dated December [9], 2021 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 2021S 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 2021S 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 2021S 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 [9], 2071;

(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 2021S 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 2021S Lease (the "Site Lessor Protection Provisions"). If the 2021S 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 2021S 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 2021S Lease or an amount equal to the Additional Rent that would have been paid under the 2021S 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 2021S 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 2021S 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 2021S 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 2021S Lease and the Indenture following an Event of Default or Event of Nonappropriation under the 2021S Lease.

Section 6.05. Substitution of Other Property for Leased Property. If the State substitutes other real property under the 2021S Lease for any portion of the Site Lessor's Leased Property, the property so substituted under the 2021S 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 2021S 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 2021S Lease has not terminated, the terms of Section 7.08 of the 2021S 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 2021S 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 2021S 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 2021S Lease, the State has agreed to reimburse the Trustee for such costs during the Lease Term of the 2021S 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 2021S 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 2021S 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 2021S Lease. The parties recognize and agree that, notwithstanding any other provision of this Site Lease, the 2021S Lease or any Sublease, upon conveyance of all the Leased Property subject to the 2021S Lease by the Trustee to the State pursuant to Article VIII of the 2021S 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 2021S 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 2021S Lease and Sublease. The Trustee has received a copy of, and acknowledges the terms of, the 2021S 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 Superintendent 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 [NAME OF SITE LESSOR], 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 2021S 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 2021S 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 2021S Lease or such Sublease shall operate to terminate or extinguish this Site Lease, the 2021S 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]

[NAME OF SITE LESSOR]

By ______________________________
Title: ______________________________

ATTEST:

By ______________________________
Secretary

[Signature Page to Site Lease of [NAME OF SITE LESSOR]]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of December, 2021 by ____, as an authorized signatory of Zions Bancorporation, National Association.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTATIONAL SEAL]

____
Notary Public

My commission expires:

____

54036292.1

STATE OF COLORADO)
) ss.
COUNTY OF [_____________])

The foregoing instrument was acknowledged before me this ___ day of December, 2021, by _________________________, as President, and _________________________, as Secretary of [NAME OF SITE LESSOR].

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary Public

My commission expires:

____

54036292.1

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[omitted for form of Series 2021S Site Lease appended to Official Statement]

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FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SUBLEASE OF [NAME OF SUBLESSEE]

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

[NAME OF SUBLESSEE],
as the Sublessee

Dated as of December [9], 2021

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STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SUBLEASE OF [NAME OF SUBLESSEE]

This State of Colorado Building Excellent Schools Today Sublease of [NAME OF SUBLESSEE] (this "Sublease") is dated as of December [9], 2021 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 [NAME OF SUBLESSEE], as sublessee (the "Sublessee"). ***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 2021S Supplemental Trust Indenture dated December [9], 2021 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 2021S 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. 21-[__] 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 2021S 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. 21-[__].

(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 2021S 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 2021S 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 2021S Lease in each Fiscal Year during the Lease Term of the 2021S 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 2021S 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 2021S 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 2021S Lease as a result of an Event of Nonappropriation or an Event of Default under the 2021S 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 [9], 2021, (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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S Certificates determined by multiplying the principal amount of all the Outstanding Series 2021S Certificates by a fraction, the numerator of which is the sum of the proceeds of the Series 2021S 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 2021S Certificates and the Allocated Investment Earnings deposited into the Project Accounts of all 2021S Sublessees; and (ii) which principal amount shall be allocated among the maturities of the Outstanding Series 2021S Certificates in proportion to the principal amount of each maturity of the Outstanding Series 2021S Certificates, rounded to the nearest $5,000 in principal amount of each such maturity. Notwithstanding the preceding sentence, if any portion of the Series 2021S 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 2021S Certificates shall be substituted for the Series 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S 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 2021S Lease as a result of an Event of Nonappropriation or Event of Default under the 2021S 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 2021S Lease and Indenture. The Sublessee has received copies of, and acknowledges the terms of, the 2021S 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 2021S 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 Superintendent 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 [NAME OF SUBLESSEE], Attention: Superintendent, facsimile number: 303-326-1890, 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 2021S 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 A 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 A 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 2021S 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 2021S 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 2021S Lease or such Site Lease shall operate to terminate or extinguish this Sublease, the 2021S 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 2021S Lease among the 2021S 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 2021S 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 2021S 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.

[Remainder of page intentionally left blank]

THE PARTIES HERETO HAVE EXECUTED THIS SUBLEASE OF [NAME OF SUBLESSEE] 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.

[NAME OF SUBLESSEE] ________________________, President [DISTRICT SEAL] Attest: ____ ________________________, Secretary	**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** **Philip J. 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 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, 2021, 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 Public

My commission expires:

____

STATE OF COLORADO)
) ss.
COUNTY OF [JEFFERSON])

The foregoing instrument was acknowledged before me this ___ day of December, 2021, 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 Public

My commission expires:

____

STATE OF COLORADO)
) ss.
COUNTY OF ARAPAHOE)

The foregoing instrument was acknowledged before me this ___ day of December, 2021, 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 Public

My commission expires:

____

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[omitted for form of Series 2021S Sublease appended to Official Statement]

EXHIBIT B

SPECIFICATION FOR PROJECT

[omitted for form of Series 2021S Sublease appended to Official Statement]

EXHIBIT C

ACCOUNTING ALLOCATION OF STATE'S BASE RENT

[omitted for form of Series 2021S Sublease appended to Official Statement]

EXHIBIT D

MATCHING MONEYS

[omitted for form of Series 2021S Sublease appended to Official Statement]

EXHIBIT E

FORM OF ASSISTANCE FUND REQUISITION

[omitted for form of Series 2021S Sublease appended to Official Statement]

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$150,415,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2021S

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 above-referenced Certificates of Participation (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 2021S Lease Purchase Agreement, dated as of December 9, 2021, 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 leases 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.

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, 2021, 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.

[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.

(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 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 9, 2021.

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

By:____________________________________
Treasurer of the State of Colorado

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APPENDIX D

FORM OF BOND COUNSEL OPINION

December 9, 2021

State of Colorado, acting by and through the
State Treasurer
Colorado State Treasurer
140 State Capitol
Denver, CO 80203

$150,415,000
State of Colorado
Building Excellent Schools Today
Certificates of Participation
Series 2021S

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 Series 2021S (the "Series 2021S Certificates"). The Series 2021S 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 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, the State of Colorado Building Excellent Schools Today Series 2019O Supplemental Trust Indenture dated as of December 5, 2019, the State of Colorado Building

Excellent Schools Today Series 2019P Supplemental Trust Indenture Dated as of December 27, 2019, the State of Colorado Building Excellent Schools Today Series 2019Q Supplemental Trust Indenture dated as of December 27, 2019, the State of Colorado Building Excellent Schools Today Series 2020R Supplemental Trust Indenture dated as of December 9, 2020 and the State of Colorado Building Excellent Schools Today Series 2021S Supplemental Trust Indenture dated as of December 9, 2021 (collectively, the "Indenture") by Zions Bancorporation, National Association, as trustee thereunder (the "Trustee"). The Series 2021S Certificates evidence undivided interests in the right to certain payments by the State under the State of Colorado Building Excellent Schools Today Series 2021S Lease Purchase Agreement dated as of December 9, 2021 (the "2021S Lease"), the State of Colorado Building Excellent Schools Today Series 2020R Lease Purchase Agreement dated as of December 9, 2020 (the "2020R Lease"), the State of Colorado Building Excellent Schools Today Series 2019Q Amended and Restated Lease Purchase Agreement dated as of December 27, 2019 (the "2019Q Lease"), the State of Colorado Building Excellent Schools Today Series 2019P Amended and Restated Lease Purchase Agreement dated as of December 27, 2019 (the "2019P Lease"), 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 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 2018L Amended and Restate Lease Purchase Agreement dates as of September 18, 2018 (the "2018L Lease"), the State of Colorado Building Excellent Schools Today Series 2017K Lease Purchase Agreement dated as of December 7, 2017 (the "2017K 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 2015 Lease Purchase Agreement dated as of February 12, 2015 (the "2015 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 2021S Lease, the 2020R Lease, 2019Q Lease, 2019P Lease, 2019O Lease, the 2018N Lease, the 2018M Lease, the 2018L Lease, the 2017K Lease, the 2017J Lease, and the 2015 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.

Regarding questions of fact material to our opinions, we have relied upon the certified proceedings of the State and the Trustee and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The 2021S Lease have been duly authorized by the State and duly executed and delivered by authorized officials of the State and, assuming due authorization, execution and delivery by the Trustee, constitute valid and binding obligations of the State. Neither the 2021S Lease nor the Series 2021S Certificates constitute general obligations, other indebtedness or multiple fiscal year financial obligations of the State within the meaning of any constitutional or statutory debt limitation.

2. Assuming the due authorization, execution, and delivery of the 2021S Leases by the Trustee, the due authorization, execution and delivery of the 2021S Supplemental Indentures by the State and the Trustee, and the due execution and delivery of the Series 2021S Certificates by the Trustee, the Series 2021S Certificates represent valid and binding assignments of the right to receive certain payments under the Lease.

3. The portion of the Base Rent which is designated in the 2021S Leases as interest and paid by the Trustee as interest with respect to the Series 2021S Certificates is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Code, and interest on the Series 2021S Certificates is excluded from Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws in effect as of the date hereof; except that we express no opinion as to the effect which any termination of the State's obligations under the Leases may have upon the treatment for federal or Colorado income tax purposes of any moneys received or paid under the Indenture subsequent to such termination. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the State's certified proceedings and in certain other documents and certain other certifications furnished to us.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the State incurred pursuant to the Leases may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In rendering the foregoing opinions, we are not opining upon matters of the corporate status of the Trustee, the power of the Trustee to execute or deliver the 2021S Lease, the 2021S Supplemental Indentures or the Series 2021S Certificates, the enforceability of the 2021S Lease, the 2021S Supplemental Indentures or the Series 2021S Certificates against the Trustee.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein and we are not passing upon the accuracy, adequacy or completeness of the Official Statement relating to the Series 2021S Certificates or any other statements made in connection with any offer or sale of the Series 2021S Certificates, or upon any federal or state tax consequences arising from the receipt or accrual of interest with respect to, or the rights and obligations under, the 2021S Leases or the Series 2021S Certificates, except those specifically addressed in paragraph 3 above, or upon any matters pertaining to the priority of any security instrument executed in connection with this transaction, the existence of any liens or other encumbrances on the Leased Property, or the ownership of or proper description of any property included in the Leased Property.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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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 changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 ACFR and subsequent ACFRs 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 ACFR 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 2019-20 ACFR and Fiscal Year 2020-21 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 2021-22 and 2022-23. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this APPENDIX and "APPENDIX F—OSPB SEPTEMBER 2021 REVENUE FORECAST," as well as "USE OF INFORMATION IN THIS OFFICIAL STATEMENT—CAUTIONARY STATEMENT REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT" at the beginning of this Official Statement. Unless otherwise noted, historical financial, economic and demographic data contained herein does not reflect the impact of COVID-19.

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State of Colorado
General Fund Revenue Sources

(Accrual basis; dollar amounts expressed in millions)

Revenue Source	Actual								Preliminary Fiscal Year 2020-21		OSPB September 2021 Revenue Forecast			
	Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20				Fiscal Year 2021-22		Fiscal Year 2022-23	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Excise Taxes:														
Sales Tax[1]	$2,826.1	6.5%	$3,094.2	9.5%	$3,246.6	4.9%	$3,196.0	4.7%	3,464.8	8.4%	$3,745.5	9.5%	$3,939.6	5.2%
Use Tax	259.5	7.6	309.9	19.4	345.5	11.5	210.5	(39.1)[2]	209.2	-0.6	227.9	6.4	235.0	3.1
Retail Marijuana Sales – Special Sales Tax[1]	–	–	–[3]	–[3]	–[3]	–[3]	245.5	27.4	286.0	16.5	271.8	(5.7)	285.4	5.0
Cigarette Tax	36.6	(1.7)	34.6	(5.5)	32.6	(5.8)	32.5	(0.1)	30.01	-7.5	28.5	(5.3)	27.6	(3.0)
Tobacco Products	21.2	0.6	16.4	(22.7)	22.3	35.8	24.4	9.5	30.0	23.0	25.6	(11.7)	26.9	4.7
Liquor Tax	45.0	3.0	46.5	3.3	48.3	3.9	50.1	3.7	53.6	7.1	55.2	3.4	55.8	3.0
Proposition EE/Nicotine									50.05	--	200.8	309.6	197.4	(1.7)
Total Excise Taxes	$3,188.4	6.4%	$3,501.6	9.8%	$3,695.3	5.5%	$3,759.0	1.7%	$4,124.1	9.7%	$4,555.3	11.6%	$4,768.7	4.7%
Income Taxes:											ca			
Net Individual Income Tax	$6,760.9	3.6%	$7,577.2	12.1%	$8,247.0	8.8%	$8,645.5	4.8%	9,690.1	12.1	$10,021.8	5.7%	$10,449.9	4.34%
Net Corporate Income Tax	509.3	(21.9)	781.9	53.5	919.8	17.6	728.3	(20.8)	1,068.7	46.7	931.6	(21.3)	941.3	1.0
Total Income Taxes	$7,270.2	1.3%	$8,359.1	15.0%	$9,166.8	9.7%	$9,373.8	2.3%	10,748.8	14.8	$10,953.5	2.7%	$11,391.2	4.0%
Less State Education Fund Diversion[4]	(540.0)	(3.3)	(617.0)	(14.3)	(692.8)	(12.3)	(646.7)	(6.7)	861.5	33.2	745.9	(21.5)	854.3	14.5
Total Income Taxes to the General Fund	$6,730.2	1.1%	$7,742.1	15.0%	$8,474.0	9.5%	$8,726.5	3.0%	9,897.3	13.4	$10,207.5	5.1%	$10,536.9	3.20%
Other Revenues:														
Insurance	$290.5	3.6%	$303.6	4.5%	$314.7	3.6%	$337.4	7.2%	341.0	1.1	$438.5	30.4%	$495.4	13.0%
Interest Income	14.7	18.6	19.5	32.4	26.5	35.8	31.1	17.2	42.7	37.3	42.4	(15.3)	34.0	(19.8)
Pari-Mutuel	0.6	(6.6)	0.5	(10.7)	0.5	(1.7)	0.4	(23.7)	0.3	-15.5	0.5	66.2	0.5	(2.0)
Court Receipts	4.1	17.5	4.4	7.6	4.2	(5.3)	3.9	(6.7)	3.6	-6.7	3.8	8.7	3.79	(2.6)--
Other Income[5]	47.3	109.7	152.2	221.7	48.9	(67.9)	9.7	(80.2)	11.3	16.1	28.7	(43.4)	33.0	15.0
Total Other	$357.2	11.8%	$480.2	34.4%	$394.7	(17.8)%	$382.5	(3.1)%	398.9	4.3%	$5138	16.6%	$566.6	10.3%
Gross General Fund	$10,275.8	3.1%	$11,723.9	14.1%	$12,564.0	7.2%	$12,868.5	2.4%	14,420.3	12.1%	$15,276.7	7.3%	$15,872.1	3.9%

[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 S.B. 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 S.B. 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] Uses Taxes are paid by State residents and businesses on purchases that did not collect the State Sales Tax. Significant decrease in Fiscal Year 2019-20 Use Tax revenues attributable to increase of retailers remitting sales taxes directly to the State.

[3] Reported under Sales Tax

[4] 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.

[5] 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 current OSPB estimates for Fiscal Years 2021-22 and 2022-23 from the OSPB September 2021 Revenue Forecast. The overview incorporates the budget under current law as of the publication of the OSPB September 2021 Revenue Forecast. 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 2021 REVENUE FORECAST," as well as "CERTAIN RISK FACTORS—Potential Impact of COVID-19 (Coronavirus)" and "USE OF INFORMATION IN THIS OFFICIAL STATEMENT—CAUTIONARY STATEMENT REGARDING PROJECTIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT" in the forepart of this Official Statement.

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State of Colorado
General Fund Overview
Fiscal Years 2016-17 through 2022-23

(Dollar amounts expressed in millions; totals may not add due to rounding)

	`Actual (Unaudited)[12020-21]				Preliminary	OSPB September 2021 Revenue Forecast	
	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
Revenue:							
Beginning Reserve	$ 512.7	$ 614.5	$ 1,366.0	$ 1,262.6	$1,825.2	$ 3,150.2	$ 3,508.9
Gross General Fund Revenue	10,275.8	11,723.9	12,564.0	12,868.0	14,240.4	15,276.7	15,872.1
Transfers to the General Fund	44.8	98.6	17.2	248.0	335.3	30.0	28.6
Total General Fund Revenue Available for Expenditure	10,833.4	12,436.9	13,947.2	14,378.6	16,400.8	18,456.8	19,409.7
Expenditures:							
Appropriation Subject to Limit[2]	9,784.5	10,430.9	11,258.7	11,805.2	10,978.9	12,281.9	15,086.9
Dollar Change From Prior Year	448.9	646.4	827.8	546.4	(826.2)	1,303.0	2,805.0
Percent Change From Prior Year	4.8%	6.6%	7.9%	4.9%	(7.0%)	11.9%	22.8%
Spending Outside Limit	640.1	784.5	1,596.3	910.5	2,271.7	2,666.0	2,059.7
TABOR Refund under Subsection (7)(d)[3]	–	39.8	428.5	–	471.4	–1,260.1	1,277.3--
TABOR Refund under Subsection (3)(c)[4]	–	–	–	–		–	--
Homestead Exemption (Net of TABOR Refund)[5]	–	132.3	106.4	–	157.9	0	0
Other Rebates and Expenditures[5]	285.0	158.5	159.7	145.7	137.9	140.5	142.1
Transfer for Capital Construction[6]	84.5	112.1	180.5	213.6	43.0	348.9	50.0
Transfers for Transportation[6]	79.0	79.0	495.0	300.0	30.0	294.0	115.0
Transfers to State Education Fund	25.3	25.3	25.0	40.3	113.0	123.0	0
Transfers to Other Funds[7]	164.8	208.6	201.1	210.9	1,318.5	499.4	475.3
Other Expenditures Exempt from General Fund Appropriations Limit[8]	1.5	29.0	–	–		–	--
Total General Fund Obligations	10,424.6	11,215.5	12,855.0	12,715.6	13,250.7	14,947.9	17,176.6
Percent Change from Prior Year	1.9%	7.6%	14.6%	(1.1)%	4.2%	12.8%	14.7%
Reversions and Accounting Adjustments[9]	(205.7)	(123.3)	(170.3)	(160.3)–		–	--
Reserves:							
Year-End General Fund Balance	614.5	1,344.8	1,262.5	1,823.2	3,150.2	3,508.9	2,263.0
Year-End General Fund as a % of Appropriations	6.3%	12.9%	11.2%	15.4%	28.7%	28.6%	15.0%
General Fund Statutory Reserve Amount[10]	584.3	674.9	814.2	362.4	314.0	1,645.8	2,263.0
Unappropriated Reserve Percentage[10]	6.0%	6.5%	–	3.07%		–	--
Amount Above (Below) Statutory Reserve	30.2	669.9	448.3	1,460.8	2,836.2	1,863.2	0

Footnotes on following page:

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1 This table is unaudited, although some of the figures reported in these columns are identified by the OSPB from the State's ACFRs which are audited for the applicable Fiscal Years.

2 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.

3 Current law requires TABOR refunds to be accounted for in the year the excess revenue is collected. TABOR refunds are not projected for Fiscal Years 2019-20 and 2020-21. See "STATE FINANCIAL INFORMATION—Taxpayers' Bill of Rights—Fiscal Year Revenue and Spending Limits; Referendum C" in the forepart of this Official Statement, and "APPENDIX F—OSPB SEPTEMBER 2021 REVENUE FORECAST—TABOR Outlook."

4 In Fiscal Year 2014-15, $58 million was set aside by H.B. 15-1367 in a special account to cover a potential TABOR refund relating to Proposition AA. H.B. 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 H.B. 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" in the forepart of this Official Statement, as well as Note 3 to this table and Note 2 to the table in "General Fund Revenue Sources" above.

5 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 category as the result of S.B. 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" in the forepart of this Official Statement.

6 Amounts in this line generally include 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; and 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.

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 S.B. 09-228 which originally provided for the transfers. The amounts of the 228 transfers were revised per H.B. 16-1416 and S.B. 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, S.B. 18-001 commits General Fund revenue for transportation projects in Fiscal Years 2018-19 and 2019-20. However, such transfers may be modified by the State Legislature.

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 S.B. 16-218. However, due to the risk of lower than expected severance tax revenues in Fiscal Year 2017-18 and thereafter, H.B. 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 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. S.B. 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" in the forepart of this Official Statement,

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. Due to the then-rapidly evolving impact of COVID-19 on the State's economy, the OSPB prepared an interim report (the OSPB May 2020 Revenue Forecast) to supplement the information provided in the March 2020 Forecast. 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 21, 2021 and is included in this Official Statement as "APPENDIX F—OSPB SEPTEMBER 2020 REVENUE FORECAST." The OSPB September 2021 Revenue Forecast projects revenues for Fiscal Years 2021-22 through 2023-24. The amounts forecast for Fiscal Years 2021-22 and 2022-23 are 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 2021 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 2021. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB September 2021 Revenue Forecast if economic conditions change markedly. If a revenue shortfall were projected for future forecasted years, which would result in a budgetary shortfall, budget cuts and/or actions to increase the amount of money in the General Fund would be necessary to ensure a balanced budget. See "CERTAIN RISK FACTORS—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 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 2018-19 and 2019-20 for which information is available.

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2019-20
(Amounts expressed in millions)[1]

	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020
Agency CMOs	$ 0.2	$ 0.2	$ 0.2	$ 0.2	$ 41.6	$ 41.6	$ 41.6	$ 41.6	$ 41.5	$ 41.6	$ 41.5	$ 103.6
Commercial Paper	2,190.9	1,854.6	1,477.4	1,814.2	1,993.5	2,074.0	2,610.7	2,149.7	1,109.1	1,219.9	1,155.4	385.0
U.S. Treasury Notes	757.1	702.8	809.2	895.1	931.6	939.8	897.8	1,173.5	1,105.9	1,128.5	1,506.3	1,212.7
Federal Agencies	804.6	913.2	806.9	600.2	520.7	379.7	694.7	714.5	880.5	929.6	844.7	371.3
Asset-Backed Securities	901.0	863.9	930.1	915.8	875.6	804.8	683.8	683.9	674.8	666.8	666.3	634.5
Money Market	430.0	235.0	460.0	515.0	560.0	604.0	410.0	445.0	925.0	3,017.0	2,327.0	2,942.0
Corporates	4,458.6	4,704.7	4,717.2	4,369.6	3,955.6	3,938.5	4,214.9	3,991.7	4,709.3	3,918.7	3,686.2	3,693.1
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	**$9,542.4**	**$9,274.4**	**$9,201.0**	**$9,110.1**	**$8,878.6**	**$8,782.4**	**$9,553.5**	**$9,199.9**	**$9,446.1**	**$10,922.1**	**$10,227.4**	**$9,342.2**

[1] This table includes 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

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2020-21
(Amounts expressed in millions)[1]

	July 2020	Aug 2020	Sept 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021
Agency CMOs	$ 155.1	$ 197.6	$ 215.9	$ 215.8	$ 212.3	$ 240.7	$ 187.8	$ 186.4	$ 185.5	$ 182.8	$ 461.2
Commercial Paper	986.4	1,285.6	2,029.3	2,089.3	1,899.3	1,694.7	2,254.4	2,906.3	3,390.6	3,791.5	4,274.5
U.S. Treasury Notes	1,800.4	1,924.3	2,378.9	2,785.7	2,830.2	508.4	3,042.2	2,624.0	2,286.3	2,151.8	2,465.6
Federal Agencies	1,301.3	1,624.2	1,265.2	988.3	990.2	1,100.2	745.8	940.6	850.6	822.9	861.6
Asset-Backed Securities	457.8	455.1	453.1	450.8	447.4	443.3	393.8	389.7	385.6	380.2	374.8
Money Market	1,757.0	1,172.0	560.0	495.0	665.0	925.0	1,190.0	790.0	690.0	1,020.0	4,255.0
Corporates	3,982.8	4,811.9	4,723.3	4,754.1	4,300.0	4,338.7	4,489.2	4,583.4	4,812.5	4,763.9	5,370.1
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
Totals	**$10,440.8**	**$11,470.7**	**$11,625.7**	**$11,779.0**	**$11,344.4**	**$9,251.0**	**$12,303.2**	**$12,420.4**	**$12,601.1**	**$13,113.1**	**$18,062.8**

[1] This table includes 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 2021 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 2021-22 through 2023-24. 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 21, 2021, and is included in its entirety in this APPENDIX. See "CERTAIN RISK FACTORS—Potential Impact of COVID-19 (Coronavirus)." 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 21, 2021

STATE OF COLORADO

Governor's Office of State Planning and Budgeting

COLORADO ECONOMIC AND FISCAL OUTLOOK

COLORADO
Governor Jared Polis

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Jared Polis – Governor
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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

NATIONAL ECONOMIC OUTLOOK

The U.S. economy is rebounding in 2021, and while headwinds exist, GDP is likely to grow at its fastest pace in decades. Aggregate household finances are strong, with wage growth and government aid supporting high savings and low debt, underpinned by accommodative financial conditions. New business formation has stabilized at a high level after rapid increases through mid-2021. High COVID caseloads are constraining global supply chains, increasing inflation expectations.

COLORADO ECONOMIC OUTLOOK

Colorado's unemployment rate is higher than the national average, but this is in part due to the state's higher labor force participation rate, which is a positive sign for Colorado's near-term economic outlook. While job recovery in the tourism and leisure and hospitality sectors continues to lag other sectors, Colorado has seen significant recovery in demand for these services. There are downside risks to the forecast from continued disparities in the labor market and supply chain disruptions along with continued inflationary concerns. Overall, however, risks remain balanced.

GENERAL FUND REVENUE

General Fund revenue is projected to increase to $15.3 billion in FY 2021-22, a 7.3 percent change from the prior fiscal year. The projection for FY 2021-22 is $260.6 million higher than the June forecast. The growth rate is expected to moderate to 3.9 percent in FY 2022-23 and 4.7 percent in FY 2023-24. This upward revision is due to high revenue collections in recent months across all revenue streams as well as strong economic expectations going forward.

CASH FUND REVENUE

Total cash fund revenue subject to TABOR was $2.2 billion in FY 2020-21, a 2.0 percent reduction from the prior fiscal year. In FY 2021-22, cash fund revenue is projected to increase by 10.4 percent followed by 6.3 percent growth in FY 2022-23 and 5.5 percent growth in FY 2023-24.

TABOR

After exceeding the Referendum C cap (as restored by S.B. 21-260) by $453.6 million in FY 2020-21, revenue subject to TABOR is expected to remain above this cap through the duration of the forecast period. Current projections show that revenue will be $1,260.1 million above the cap in FY 2021-22, $1,277.3 million above the cap in FY 2022-23, and $1,467.3 million above the cap in FY 2023-24, triggering the temporary income tax rate reduction in each year.

GENERAL FUND RESERVE

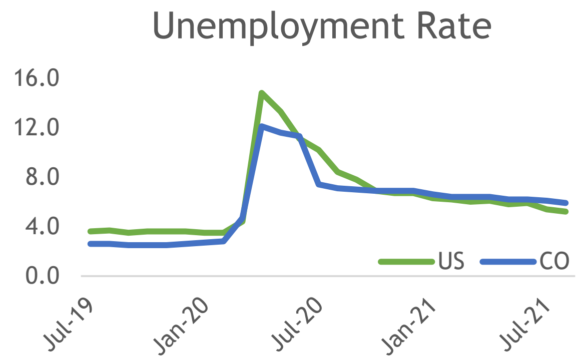
Under this forecast, the General Fund ending balance is projected to be $1,863.2 million above the statutory reserve level of 13.4 percent of appropriations in FY 2021-22.

Economic Outlook

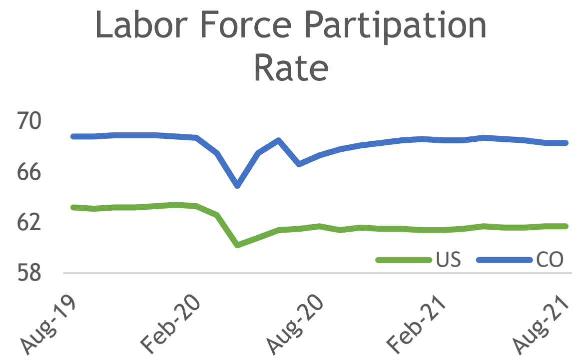
Colorado's economic recovery from the pandemic recession continues at a rapid pace, although headwinds exist. Labor market inefficiencies due to skill mismatches and job preferences are limiting improvements in the job market. Additionally, the Delta variant has reduced consumer confidence and constrained global supply chains, driving up expectations for higher inflation in the short- and medium-term. Monthly new business applications have stabilized at a high level after rapid increases through mid-2021, while business ownership has increased significantly among Blacks and Latinos. Furthermore, household finances are strong, with wage growth and government aid supporting high savings and low debt, underpinned by accommodative financial conditions.

Employment Recovery

Colorado's labor force participation rate was higher than the national rate before the Covid-19 pandemic, and has remained higher than the national rate throughout the pandemic. Colorado's labor force participation rate stood at 68.8 percent in February 2020, dropped to 64.9 percent at the start of the pandemic, and has rebounded nearly completely to stand at 68.3 percent in August 2021. The labor force participation rate for the U.S. has not recovered as strongly, at 61.7 percent in August 2021 compared to 63.3 percent before the pandemic. Similarly, Colorado's unemployment rate was slightly lower than the national rate before the pandemic. However, both Colorado and the U.S.'s unemployment rate remain significantly higher than they were before the pandemic. The United States unemployment rate came in at 5.2 percent in August 2021, while Colorado came in at 5.9 percent. The U.S. has both a lower labor force participation rate and a lower unemployment rate than Colorado. The U.S.'s low labor force participation rate may be a sign of more discouraged workers, which would artificially lower the unemployment rate, whereas Colorado suffers from this problem to a lesser extent.

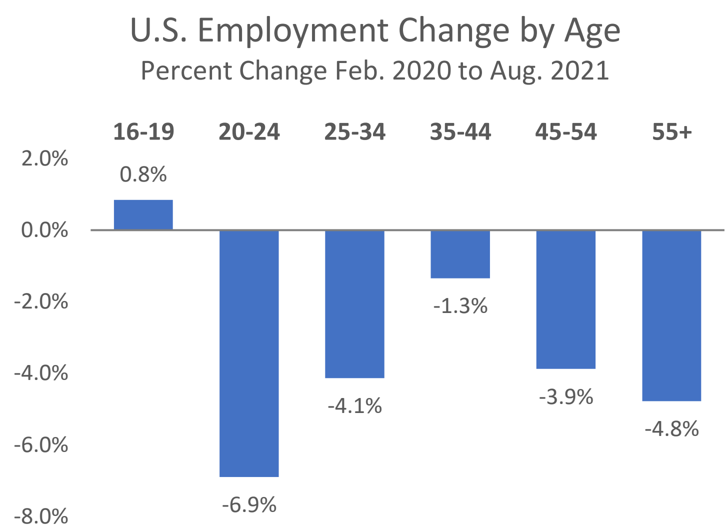


Source: Bureau of Labor Statistics.



Source: Bureau of Labor Statistics.

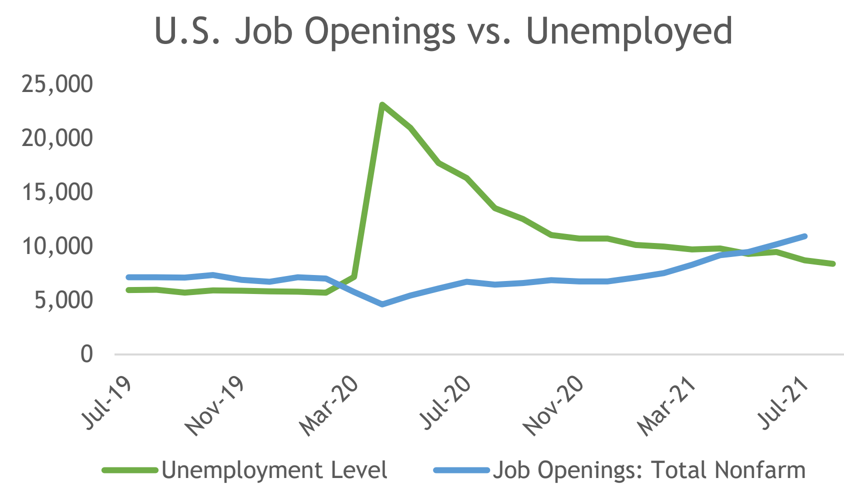
Although both the labor force participation rate and unemployment rate continue to move closer to their pre-pandemic levels, the labor market recovery has not been even across all demographic groups. For instance, the effect of the pandemic on unemployment has varied across different age groups. The figure below shows the percent change in employment between February 2020 and August 2021 by age group. In other words, it shows how much of employment is still unrecovered since before the pandemic. At the start of the pandemic, the age groups at the tail ends of the age distribution experienced the biggest losses to employment. Interestingly, the 16-19 age group has also seen the most complete recovery, with the August 2021 employment level 0.8 percent higher than February 2020. This pattern may be explained by the large concentration of 16-19 year olds in the leisure and hospitality industry, which saw large initial declines in employment but is now experiencing a labor shortage. Currently, the 20-24 age group is the least recovered age group, down 6.9 percent from pre-pandemic. This is consistent with the trend that younger age groups tend to have more cyclical employment outcomes. The 55+ age group is still down by 4.8 percent relative to pre-pandemic, which also correlates with an increase in the share of retirees in the population during the pandemic. Prime-age workers have seen the most complete employment recovery, particularly the 35-44 age group.



Source: Bureau of Labor Statistics.

Another important aspect of the labor market is separating labor supply versus labor demand. The total number of job openings is a measure of labor demand while the unemployment level is a measure of active and available labor supply. Prior to the pandemic, the number of job openings was consistently higher than the level of unemployment, which corresponds to a tight labor market during an expansion period. Between February and April 2020, the total number of unemployed persons increased by 17,392, primarily due to layoffs or other loss of employment, while job openings dropped by 2,382. This caused a historically high unemployment rate and signaled that supply significantly outpaced demand for labor.

Since April 2020, labor demand has recovered significantly and total job openings have surpassed unemployment as of May 2021. Job openings exceeded unemployment by 1,295 in February 2020, and exceeded by 2,232 in July 2021, signaling that the labor demand is outpacing supply to a greater degree than before the pandemic. Businesses are reporting significant labor shortage issues and difficulty hiring as a result of labor demand exceeding supply, which in many cases is constraining output.[1] According to the August National Federation for Independent Business Small Business Optimism Survey, half of small business owners reported job openings that could not be filled. This is due to both labor demand (a seasonally adjusted 32 percent of owners are planning to create jobs in the next few months) and labor supply drivers (29 percent of owners trying to hire reported no qualified applicants for their open positions). The notion that business are reporting such broad-based labor supply issues seems counterintuitive given the elevated level of unemployment; however, there are a few potential explanations for these difficulties including: (1) mismatch in wage expectations and skills between unemployed individuals and employers that are hiring and (2) shifting preferences for unemployed individuals away from traditional low-wage jobs and toward other alternatives due to concerns around COVID-19 risks and the buffer of accumulated savings. Additionally, women without a college degree who have children have had particularly low labor force participation since the beginning of the pandemic, suggesting that childcare access may also be restricting labor supply for this group.

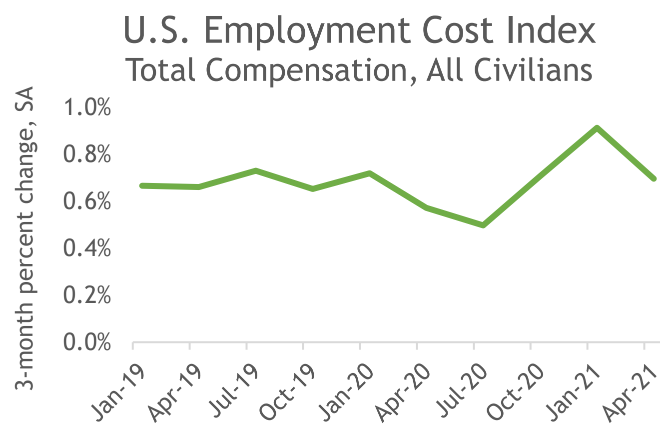


Source: Bureau of Labor Statistics.

[1] Federal Reserve September 2021 Summary of Commentary on Current Economic Conditions ("Beige Book")

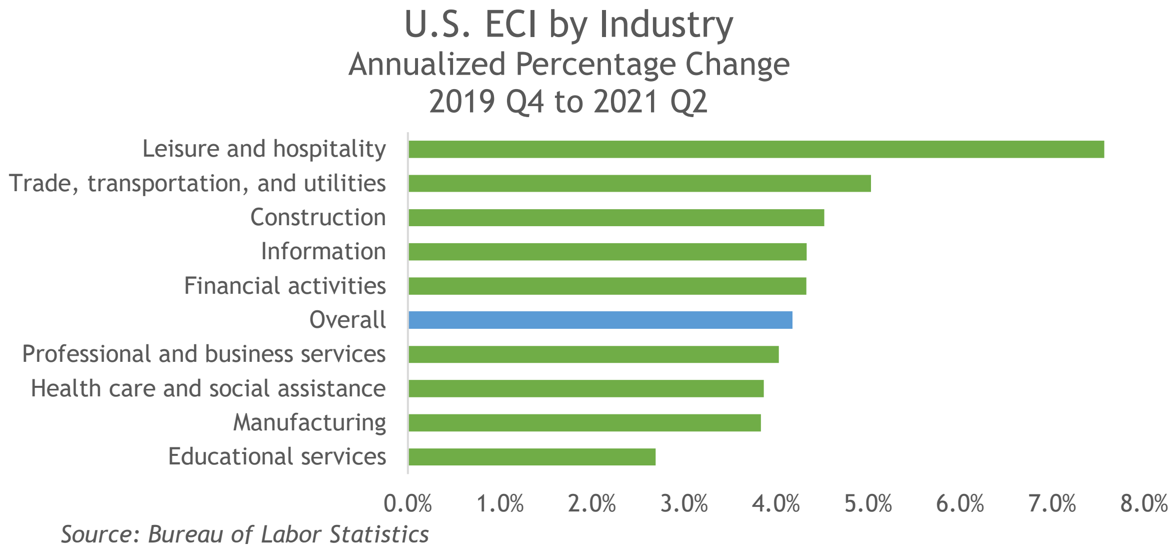
Wages

Wage growth has been particularly strong in 2021 after slowing in 2020. Covid-19 caused workers in low-wage occupations to leave the labor force and become unemployed at higher rates than those in higher-wage occupations, therefore changing the composition of the labor force. While this change in composition artificially raised some measures of wage growth through 2020, and artificially lowered in them 2021, the Employment Cost Index (ECI) is a reliable metric as it measures total compensation for a fixed 'basket' of jobs and is less sensitive to changes in composition. Prior to the pandemic, total compensation measured by the ECI was growing at approximately 0.7 percent per quarter. At the onset of the pandemic in 2020, growth slowed to 0.5 percent before rebounding. In the first quarter of 2021, growth was well above trend reaching 0.9 percent, but has returned closer to trend in the second quarter at 0.7 percent.



Source: Bureau of Labor Statistics

The wage growth recovery has not been consistent across all industries. The graph below shows the percent change in ECI between the pre-pandemic level and Q2 of 2021. The ECI for Leisure and Hospitality is 7.6 percent higher than pre-pandemic levels, compared to 4.2 percent for the economy as a whole. Leisure and Hospitality has grown by nearly 4 percent in 2021 alone. The high wage growth in Leisure and Hospitality is likely being driven by the labor shortage in this industry. The job openings rate for Leisure and Hospitality reached 10.1 percent in July 2021, compared to 5.3 percent before the pandemic, signaling that there are many jobs open as businesses struggle to find workers. On the other end of the spectrum, wage growth in Educational Services has been the slowest of all industries, at 2.4 percent, which is lower than its pre-pandemic trend, largely driven by slow wage growth in higher education.



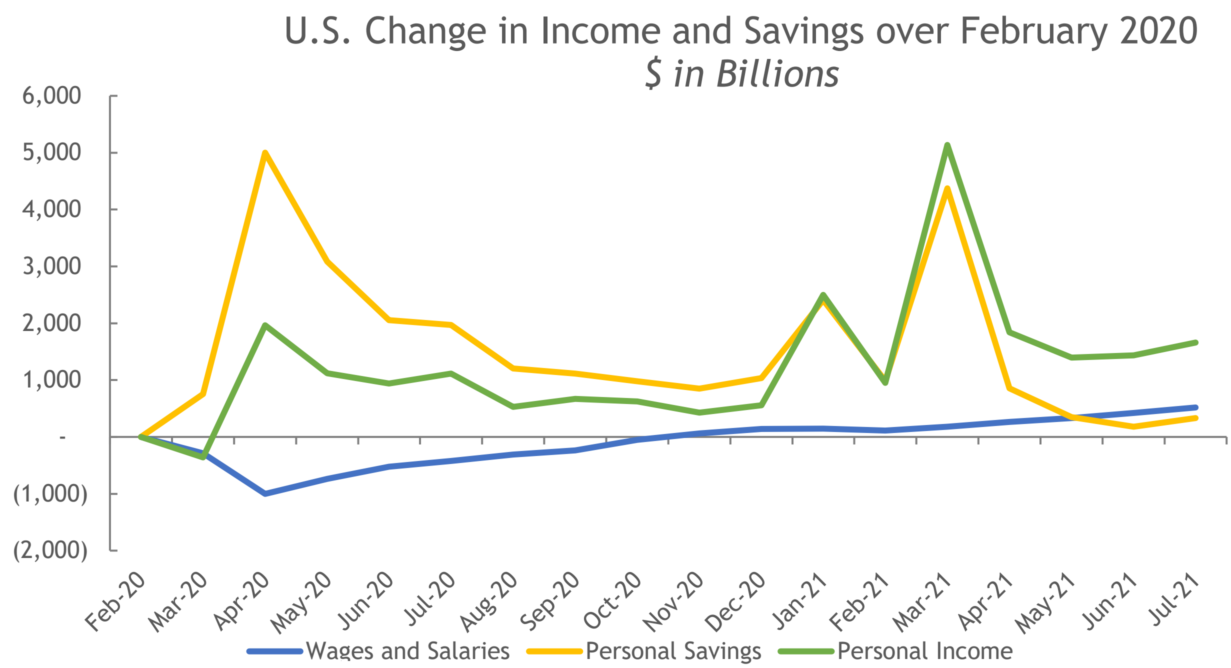
Household Finances

Household finances continue to strengthen following the pandemic. National data show that aggregate wages and salaries stand at $10.3 trillion, which exceeds pre-pandemic levels by more than $500 billion. In July 2021, wages and salaries increased by 10.1 percent compared to the prior July. This is substantially greater than the 4.3 percent compound average annual growth rate observed between 2010 and 2019.

Total personal income, which includes wages and salaries, government transfers, and other sources, remains elevated and grew slightly in July. This growth partially reflects implementation of the federal Child Tax Credit (CTC), which provides many taxpayers monthly payments between July and December of 2021. Taxpayers may receive up to $300 per month per child, with smaller amounts for higher income taxpayers. In Colorado, approximately 600,000 taxpayers are receiving the Child Tax Credit, and the aggregate tax credit amounts to approximately $255 million per month. Preliminary evidence on the impact of the CTC indicates that it is helping low-income families escape poverty. Economists have found that the percentage of families with children earning less than $35,000 per year who reported not having enough to eat dropped by 8 percentage points due to the first CTC payment in July.[2]

Personal savings in July were only slightly above levels observed before the pandemic, but consumers have accumulated roughly $2.3 trillion in savings over the course of the pandemic and recovery. These savings will support continued spending even as government relief payments expire.

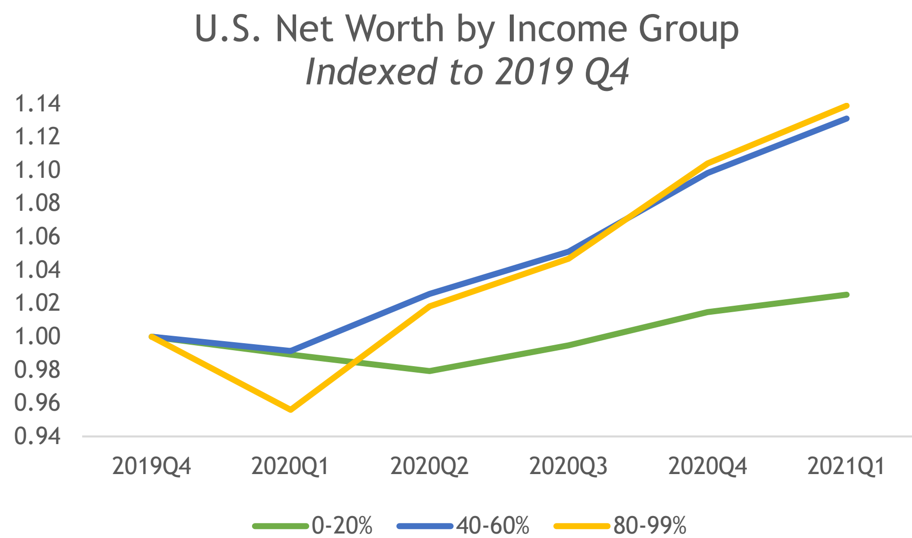
[2] Parolin Z, Ananat E, Collyer S, Curran M, Wimer C. "The Initial Effects of the Expanded Child Tax Credit on Material Hardship," Columbia University Center on Poverty and Social Policy, Working Paper, August 30, 2021.



Source: Bureau of Economic Analysis.

Despite the overall positive data on household incomes, wealth disparities remain and have been exacerbated through the pandemic and recovery. For example, the wealth gap between high- and low-income earners has widened during the pandemic and recovery. Individuals in the 80 to 99th percentile of the income distribution had an aggregate net worth of $57.0 trillion in the first quarter of 2021. The net worth of individuals in the 0 to 20th percentile was $3.5 trillion: a difference of $53.5 trillion. Just one year earlier, the difference was $44.5 trillion.

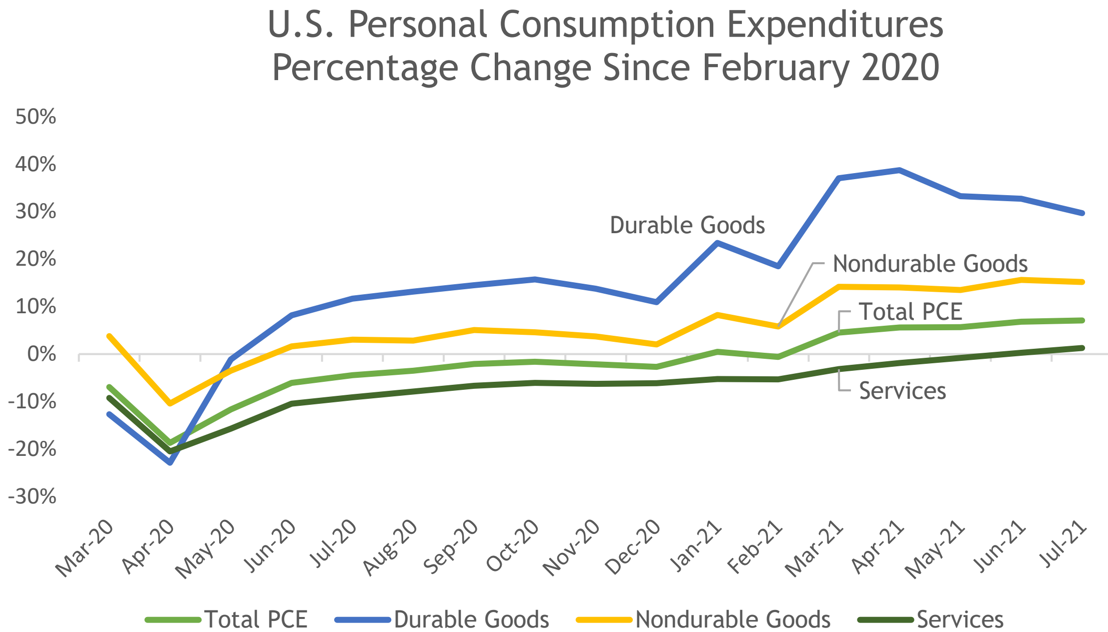
From the last quarter of 2019 to the second quarter of 2021, the net worth of people in the 0 to 20th percentile of the income distribution increased by 2.5 percent. Before the pandemic, the net worth for this group was growing at roughly 15 percent per year. However, the net worth of people in middle-income category (40 to 60th percentile of the income distribution) and high-income category (80th to 99th percentile) rose by 13.1 and 13.9 percent, respectively. For these two income groups, the rate of growth is more than double the pre-pandemic rates. Real estate and investment assets (e.g., stock ownership) have recorded record growth recently, but ownership of those asset types is concentrated among those in the middle- and high-income categories.



Source: Board of Governors of the Federal Reserve System

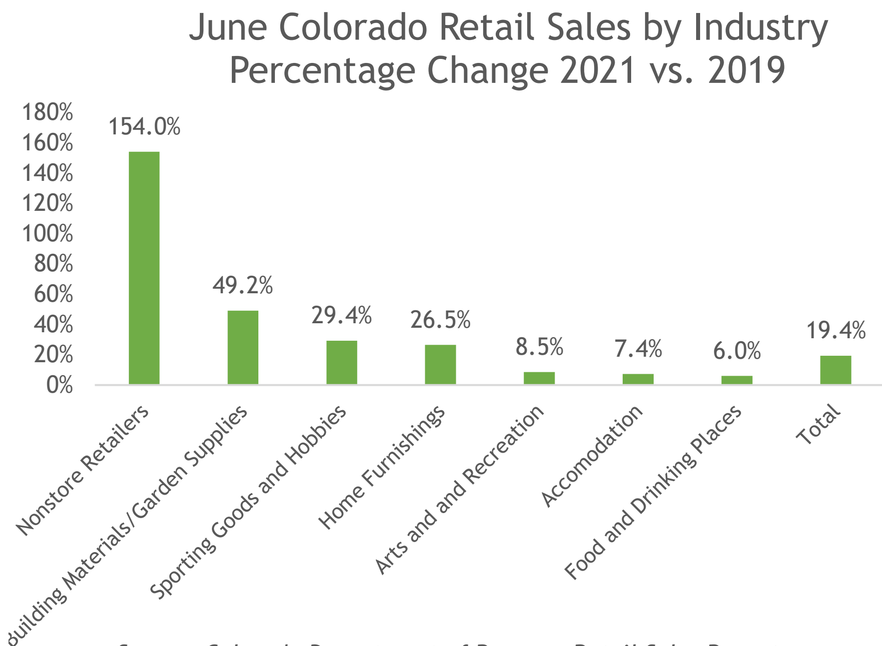
Retail Sales and Consumer Spending

Consumer spending has remained strong over the course of the pandemic recession and recovery. This strength in consumer demand has been bolstered by federal stimulus and strong wage growth in addition to fewer spending opportunities early on in the pandemic, which led to significant accumulated savings for all income groups across the country, as described above. While spending has remained strong, there have been notable changes in the way individuals spend and these are indicative of broader changes across the economy.



Source: Bureau of Economic Analysis.

The graph above depicts changes in monthly personal consumption expenditures (PCE) across the U.S. since the start of the pandemic. While total PCE declined nearly 20.5 percent below the February 2020 level in April 2020, expenditures steadily recovered to the pre-pandemic level in January 2021, and have exceeded that level since March. The strong recovery in total PCE has been driven by significantly above-trend spending on durable goods as well as higher spending on nondurable goods. At the same time, total PCE have been limited by services spending, which comprises a much larger portion of PCE and only reached its pre-pandemic level in June 2021. While durable goods have declined slightly from their April 2021 highs, durable goods purchases continue well above trend despite services spending now also being fully recovered. Still, the question remains as to whether total PCE will stay elevated at this “new normal” level for years to come or if durable goods purchases will continue a to decline until they return back to pre-pandemic levels as accumulated savings diminish. At the moment, durable goods show no signs of an abrupt slowdown of this kind and the greatest risk is likely to the services side of the equation as the Delta variant continues to spread.

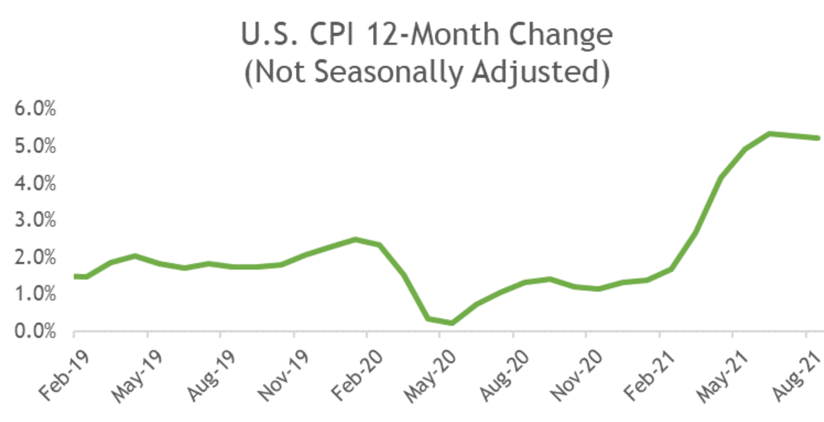


Source: Colorado Department of Revenue Retail Sales Reports

While personal consumption expenditures look at the entire basket of goods and services, the graph on the left focuses more specifically on retail sales and food services in Colorado to highlight some of the specific evolutions in spending across the economy. Notably, total retail sales are up 19 percent over 2019 levels in June. Non-store retailers (up 154 percent) have seen the biggest increase as compared to pre-pandemic. While some of this increase (and some of the total increase) is likely due to the *Wayfair* decision and increased collection of sales reporting from online sellers, it is also the case that this increase is indicative of a broader shift in consumer behavior. Similarly, other goods like garden supplies, home furnishings, and sporting equipment have seen significant growth over 2019 levels. Finally, while hospitality industries such as arts and entertainment, hotels, and restaurants have been the slowest to recover, even sales in these sectors were above 2019 levels in May.

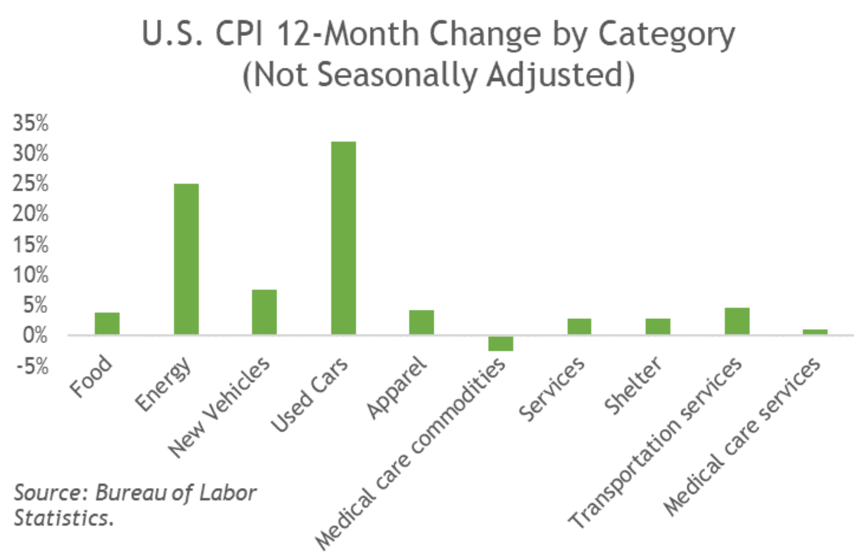
Inflation

Year-over-year inflation in the US has risen sharply since the beginning of 2021, in August increasing 5.3 percent over the course of the last 12 months, a slight decline from 5.4 percent in July, with core inflation rising 4.0 percent compared to 4.3 percent in July. Despite the slight decline in the growth rate in August, the current rate of inflation is still well above historical norms. The base effects resulting from reduced consumption at the onset of the pandemic is partially responsible for the historic



Source: Bureau of Labor Statistics.

highs in recent months. However, this increase since April has also been a result of supply chain disruptions leading to temporary shortages, as well as continued consumer demand given the strong household finances. Looking at the component-level trends, used cars remain a driver as stimulus-driven demand has coincided with supply-driven shortages due to semiconductor supply chain issues that have led to a 31.9 percent 12-month change in used car prices in August. Continued lockdowns in Asia may continue to cause disruptions, potentially sustaining the period of high prices for longer. Energy prices are rising rapidly as well due to a combination of supply- and demand-side factors that has translated into higher oil and gas prices. Additionally, prices for food away from home have started to rise, 4.7 percent over the last 12 months in August, likely due to restaurants passing along sectoral wage increases to the consumer. Finally, the shelter category has started to accelerate, making up over half of core inflation increases in July, growing 2.8 percent over the last 12 months but showing increasing signs of life since starting the year at 1.6 percent over 12 months. Traditionally, shelter prices, which are rental prices or rental equivalents, follow a five-quarter lag behind housing price movements,[3] so some level of sustained inflation is likely as long as a similar relationship between housing prices and rental prices holds true this time.



The key question now is how transitory are the expectations for continued inflation. The Federal Bank of New York's recent *Survey of Consumer Expectations* in August shows that median one-year-ahead inflation expectations rose to 5.2 percent. Meanwhile, longer run measures (for 5-10 years out) taken at the University of Michigan rose to 3.0 percent in August after holding at 2.8 percent the prior two months.[4] Therefore, consumers believe that current supply chain constraints and excess demand will continue to be a cause for concern over the next year then slowly mitigate over time. However, the financial markets appear less concerned about a sustained upward shift in inflation expectations, as seen here in the 5-year inflation expectation

[3] "Housing Insights: Housing Poised to Become Strong Driver of Inflation", Fannie Mae, June 9, 2021

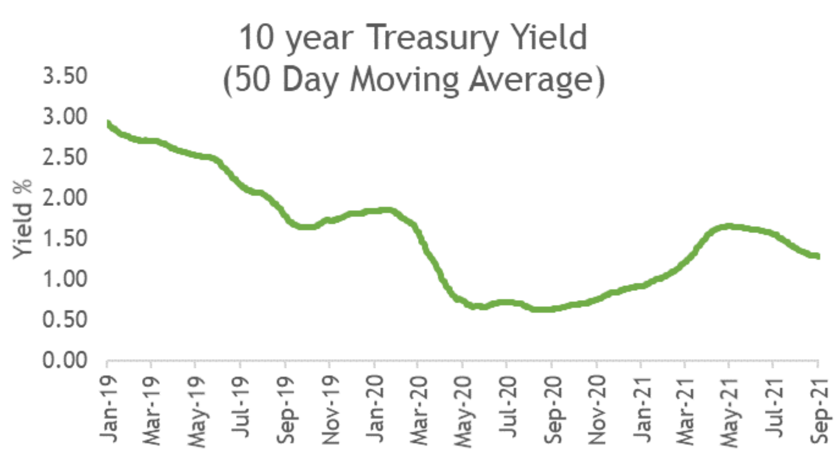
[4] University of Michigan Surveys of Consumers, August 13, 2021

chart. This series, the relative ratio between the 10-year and 5-year nominal and inflation adjusted Treasury securities, indicates that medium term expectations for inflation are well anchored within recent bounds. This implies a level of trust in the Federal Reserve to appropriately target long-term inflation while allowing it to run hot in the short-term as long as the labor market remains a concern.

Source: Federal Reserve Bank of St. Louis.

Lending Conditions

Building on the discussion of inflation targets and the Federal Reserve, current favorable market conditions have led to easy lending standards and low interest rates. Lending conditions had already remained supportive since the June forecast for a couple reasons. First, the environment is low-risk due to the fiscal support and elevated household savings. Low risk to default on consumer spending has contributed to banks relaxing requirements when lending, according to UBS research.[5] Additionally, S&P Global expects the speculative-grade corporate default rate to decline to 2.5 percent by June 2022 from 3.8 percent as of June 2021.[6]



Source: Board of Governors of the Federal Reserve System.

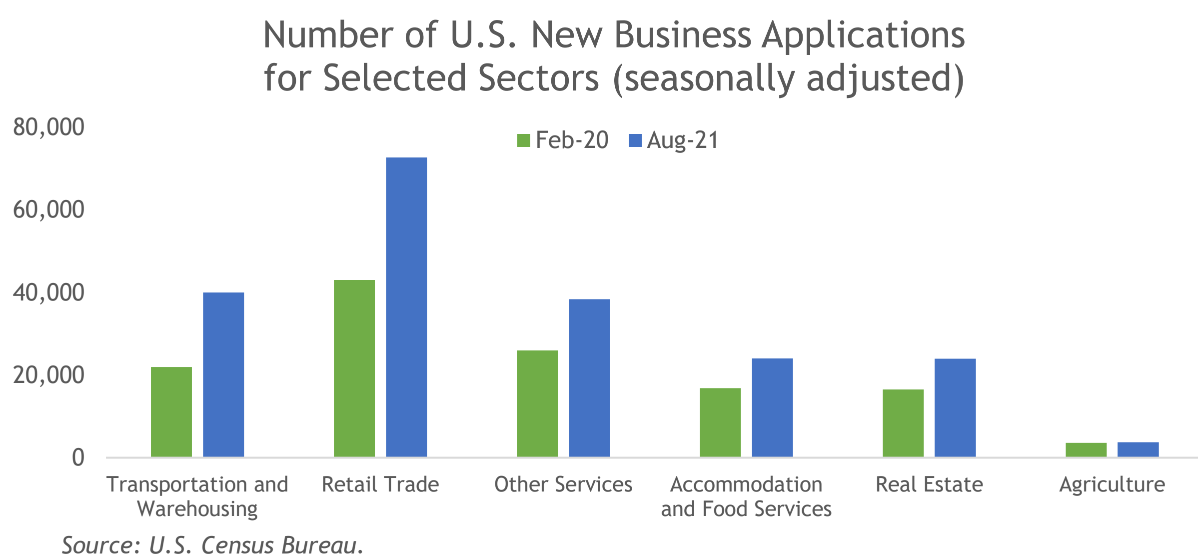
[5] "US banks relax lending standards in battle to lend", OLT News, May 2, 2021

[6] "Default, Transition, and Recovery: The U.S. Speculative-Grade Corporate Default Rate Could Fall to 2.5% By June 2022", S&P Global Ratings, August 20, 2021

Second, long-term interest rates (10-year to 30-year Treasuries) are currently driven in part by perceptions of a slow labor market recovery that indicate to many that the Fed will continue to provide support with lower interest rates. This expectation of low long-term rates is illustrated here through the average yield of the 10-year Treasury, which has been falling since April as labor supply concerns began to materialize. These low interest rates allow for cheap borrowing for individuals and businesses alike, which can support a strong economic recovery and additionally provide low cost debt for everything from mortgages to car loans.

Small Business

The number of new business applications in both Colorado and the US has stabilized at a high level since spring after experiencing unprecedented growth between April 2020 and January 2021. National data shows that this increase in entrepreneurship is across all sectors. The largest was for new applications for transportation and warehousing businesses, increasing 83 percent between February 2020 and August 2021. In addition, applications for retail trade businesses increased 69 percent during that period, with most likely non-store retail startups selling goods and services online. The smallest increases came in the agriculture (4 percent) and mining sectors (9 percent).



National estimates also indicate that this national startup surge is disproportionately concentrated among non-White groups (and increasingly in suburban areas[7]). As of August 2021 the number of small businesses owned by Whites was three percent lower than before the pandemic, while it was two percent lower for Asians, 15 percent higher for Latinos, and 38 percent higher for Blacks.[8] Payroll data shows this trend is heightened for women entrepreneurs,

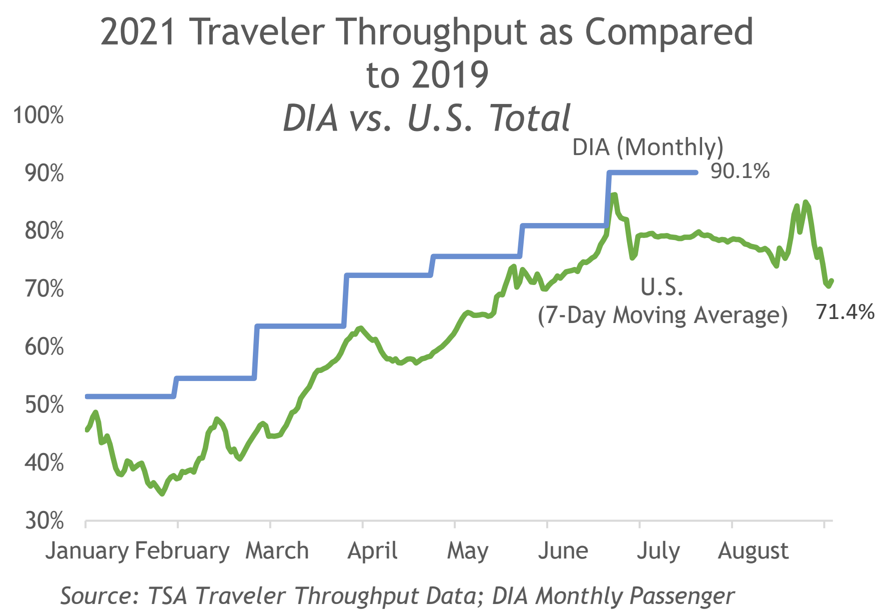
[7] "New Business Creation During COVID-19: A Survey of Pandemic Entrepreneurs", Luke Pardue, Gusto, May 13, 2021
[8] Robert Fairlie, UC Santa Cruz

with 47 percent of small businesses started by women in 2020 minority-owned.[9] Many of these new entrepreneurs of color may have been previously laid off, since small businesses located in majority-minority neighborhoods were both less profitable during the pandemic[10] and closed at higher rates (36 percent) compared to majority-white neighborhoods (22 percent).[11]

Overall, like their larger counterparts, small businesses have had trouble finding workers. 50 percent of small business owners in an August national survey reported job openings that could not be filled, the highest in the survey's history, and significantly above the 48-year historical average of 22 percent.[12]

Tourism, Leisure, and Hospitality

The recovery of the tourism, leisure, and hospitality industries that were devastated by the onset of the pandemic has been a key focus of economists and policymakers. These tourism and leisure-related sectors (including accommodations, food services, arts, entertainment, and recreation) accounted for 11.2 percent of employment in Colorado in 2019.[13] While the job recovery in these sectors continues to lag behind other sectors in the economy (*see* labor market section, above), Colorado has seen significant recovery in the demand for these services. Below are two graphs that depict the recovery to these industries in Colorado, as well as a description of the risks that persist with the presence of the Delta variant.



This graph compares total U.S. TSA traveler throughput to originating passengers at Denver International Airport (DIA). The blue line shows that DIA passengers totaled 90.1 percent of 2019 levels in July of this year as compared to a U.S. average of only 71.4 percent as of the most recent daily passenger data.

[9] "Who Started Businesses During the Pandemic? A Survey of Women Starting Businesses During COVID", Luke Pardue, Gusto, March 17, 2021

[10] "Small Business Finances in Illinois during the COVID-19 Pandemic", JPMorgan Chase Institute, June 2021

[11] "2020 – A challenging year for SMBS", Safaa Amer, Facebook, 2021

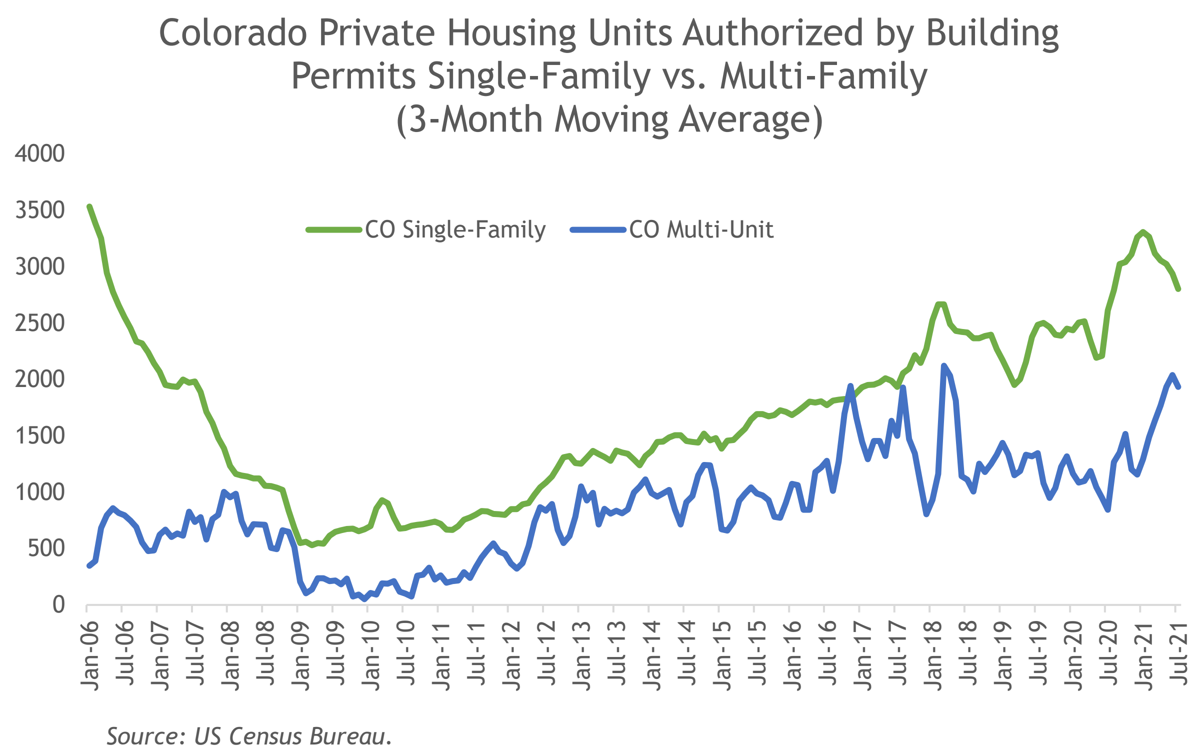
[12] August 2021 National Federation of Independent Business Jobs Report

[13] Bureau of Labor Statistics.

This graph also highlights that the Delta variant poses significant future risks for travel. While these impacts had not yet appeared as of the July DIA data release, it is possible that this has been a factor in the drop-off in total U.S. air travel that has taken place since July. These impacts may be seen especially in a delay to the return of business travel, a segment that makes up an estimated 24 percent of total domestic trips and is already struggling significantly more than leisure travel.[14] To highlight that difference, many other airports across Colorado that rely more heavily on leisure travel have actually recovered well above 2019 levels, such as Aspen, which is up 7 percent over 2019.[15]

Housing Market

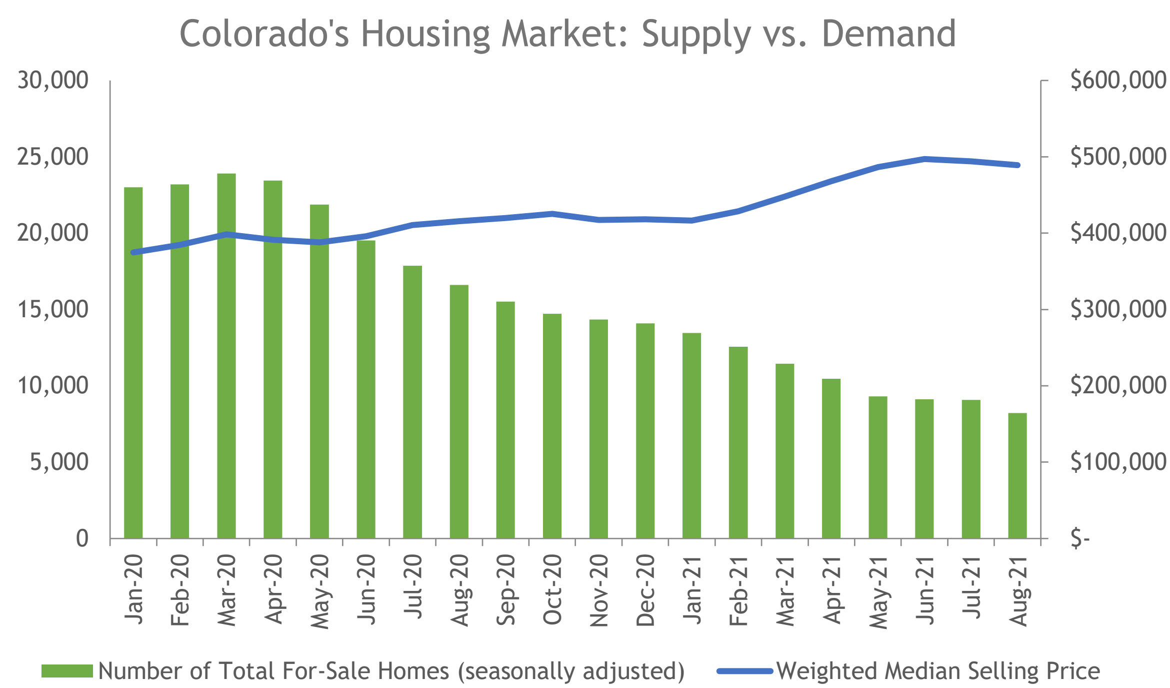
Unlike the Great Recession, which caused a precipitous drop in residential construction in both Colorado and the US, the pandemic recession has had the opposite effect. Between April 2020 and July 2021, building permits for single-family and multi-unit residences in Colorado increased by 43 percent and 50 percent on a seasonally adjusted basis, respectively.



This housing boom is primarily because of strong household finances, low mortgage rates, and increased household formation. Given already high pre-pandemic housing demand and active listings at their lowest point since the Colorado Association of Realtors began tracking inventory

[14] U.S. Travel Association
[15] "July aircraft activity up slightly over same month in 2020, 7% over 2019," *Aspen Daily News*, August 26, 2021

data in 2010, this has led to the median sales price of a Colorado single-family home reaching a historic high of $530,000 in June 2021, with the median townhouse/condo sales price also peaking at $387,000 in May 2021 (though both have slightly decreased since then). At the same time, the normal summertime surge of inventory did not occur this year. Home sales have also occurred at historic speed, with the average single-family home and townhouse/condo spending just 24 and 25 days on the market in August 2021, respectively, compared to 109 and 137 days on the market in January 2010.



Source: Colorado Association of Realtors

In addition, supply chain bottlenecks and the rising cost of construction labor have led to more measured increases in home construction since April. However, prices appear to be stabilizing. The expiration of the federal ban on foreclosures may result in more inventory, although the delinquency rate on single-family home mortgages is still at one of its lowest points since 2007. Overall, however, increased household formation and a stronger preference for aging in place may point to a new normal with less inventory than in past decades, increasing pressure on housing prices in the long run.

For similar reasons the rental market has not been spared from price increases either, particularly in urban areas, although some of this is because of below-trend rent increases in 2020. An Apartment Association of Metro Denver report indicated that the average apartment rent in metro Denver was $1,651 during the second quarter of 2021, a 9 percent year-over-year increase and the largest quarterly increase since the survey was introduced in 1981. Even larger annual rent increases have been recently reported in Thornton (18 percent), Colorado Springs (17 percent), Longmont (15 percent), and mountain communities.[16]

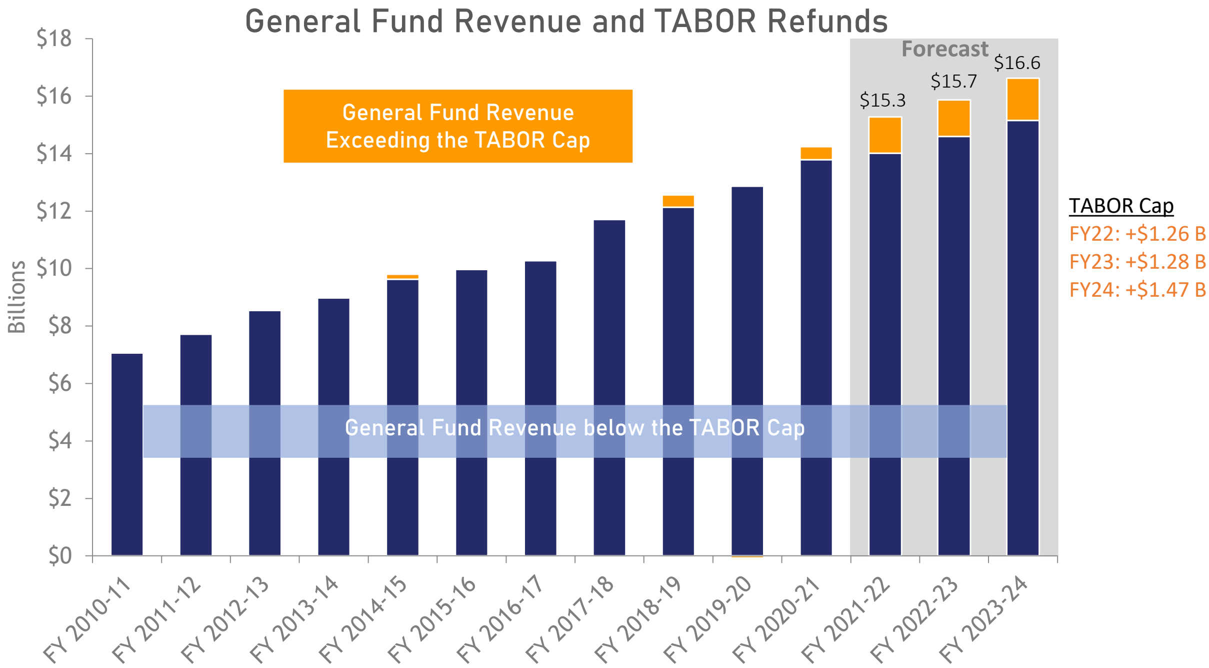
Forecast Risks

There is downside risk to the forecast as continued disparities in the labor market and supply chain disruptions may be a drag on further growth as well as a driver of possibly more permanent inflationary concerns. Overall, however, the risks to the forecast are balanced to the upside as wage growth shows signs of strength as the recovery continues and financial conditions are historically supportive.

Revenue Outlook – General Fund

General Fund revenue is projected to increase to $15.3 billion in FY 2021-22, a 7.3 percent change from the prior fiscal year. The projection for FY 2021-22 is $260.6 million higher than the June forecast. The growth rate is expected to moderate to 3.9 percent in FY 2022-23 and 4.7 percent in FY 2023-24.

[16] Apartment List Colorado rent estimates, updated August 26, 2021



The upward revision to the forecast reflects continued strength in the current economic recovery, as vaccine distribution and high consumer demand fuel business activity.

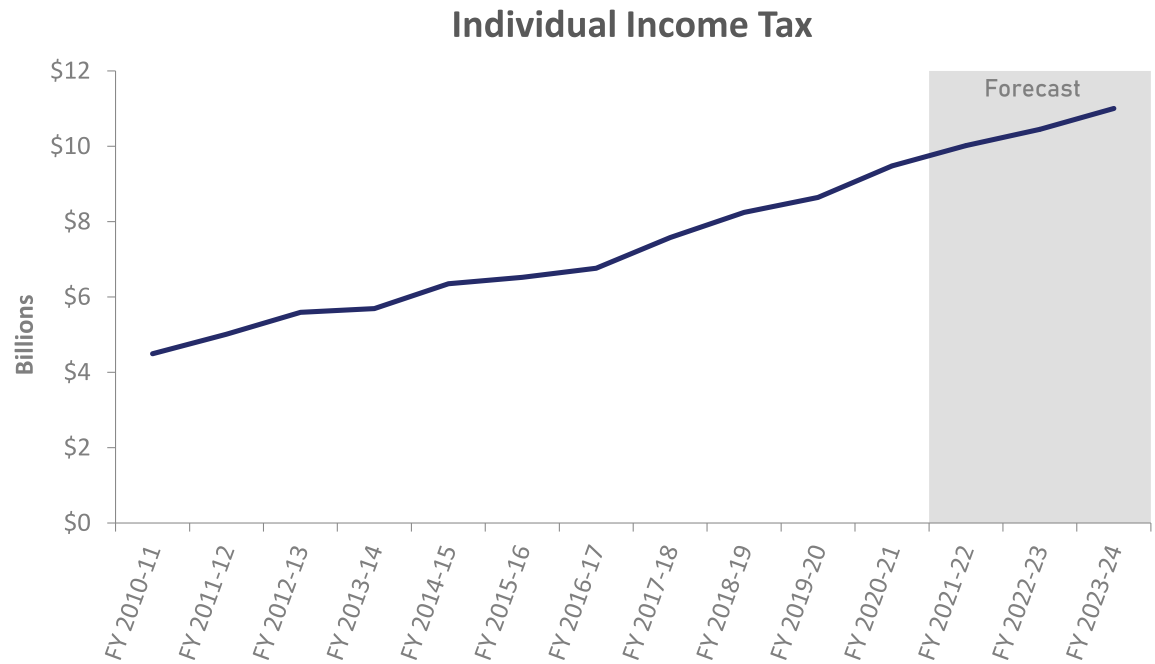
General Fund revenue is projected to exceed the TABOR cap in the current fiscal year and throughout the forecast period. Revenue is expected to exceed the cap by $1.3 billion in FY 2021-22, which is $250.4 million more than forecasted in June. General Fund revenue above the cap is projected to reach $1.5 billion by FY 2023-24.

Individual Income Tax

Individual income tax receipts in FY 2020-21 amounted to $9.5 billion. This represents a 9.7 percent increase ($837.7 billion) compared to FY 2019-20.

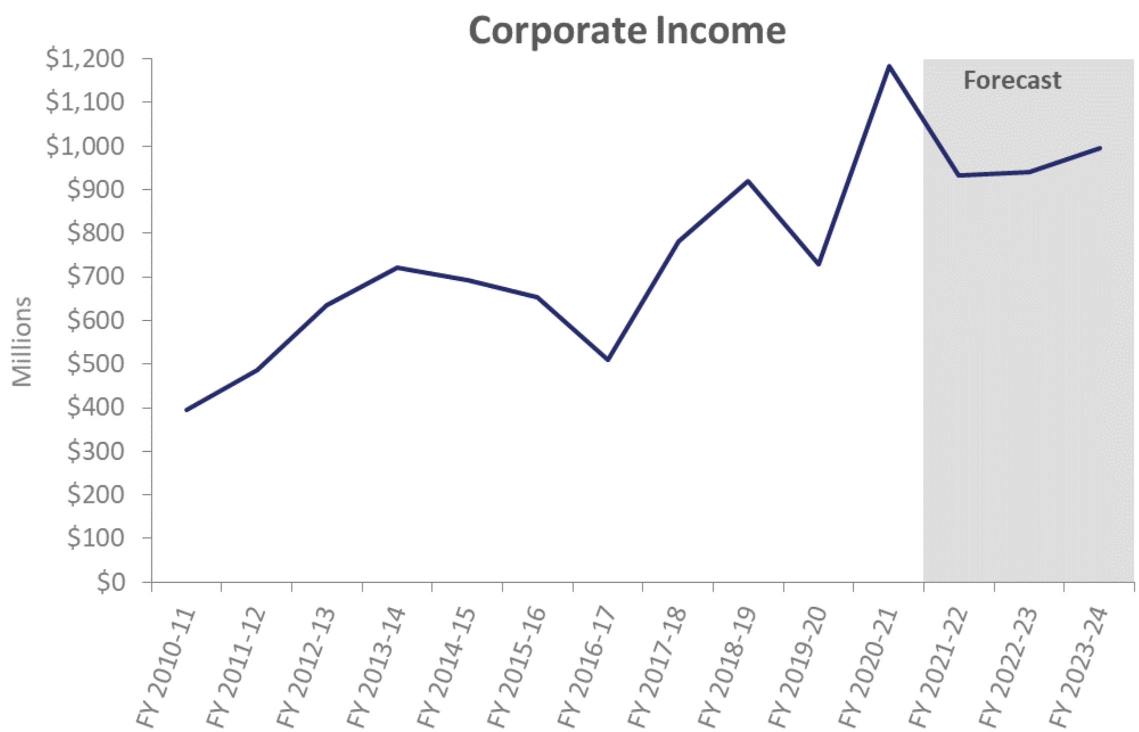
Future growth rates are projected to be more moderate but will remain strong as the economy is expected to continue its steady growth. The state's unemployment rate is forecast to decline from 5.9 percent in 2021 down to 3.8 percent in 2023, while the annual growth rates for wages and salaries are expected to range from 6.1 percent to 4.8 percent over that same time span. Income from capital gains will also contribute to rising receipts with the strong growth in real estate and investment values. At the same time, changes in federal and state tax policy are reducing income tax liabilities for many taxpayers by several hundred million dollars.

Individual income tax revenue is forecasted to climb 5.7 percent in FY 2021-22 to $10.0 billion. Receipts are projected to grow an additional 4.3 percent in FY 2022-23 to $10.4 billion, and reach $11.0 billion in FY 2023-24; these estimates are only marginally higher than projected in the June forecast.



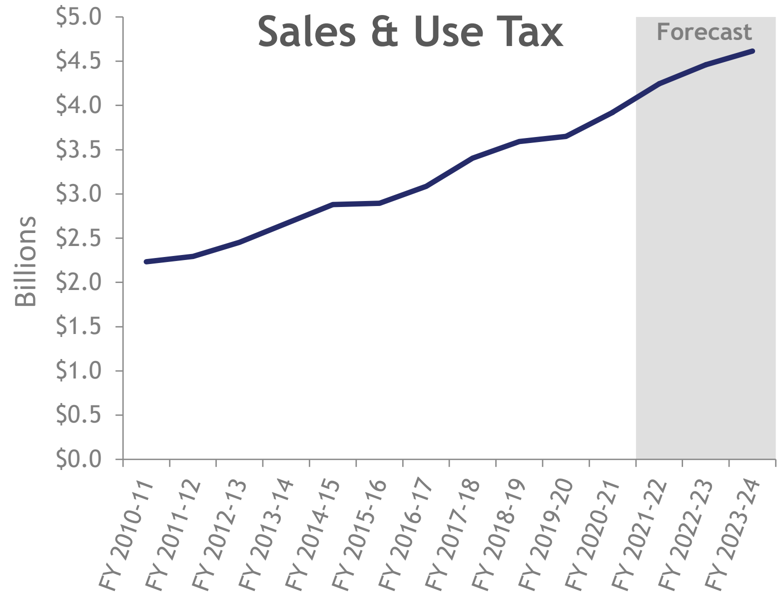
Corporate Income Tax

Corporate income tax collections increased by 62.5 percent in FY 2020-21 to $1,183.7 million, the highest total on record. Federal relief in the form of expense reductions reduced revenue to an extent, but was more than offset by other government support and record corporate profits. Corporate income tax receipts are projected to fall from these historic highs in FY 2021-22 by 21.3 percent as conditions normalize. With corporate profits revised up from the previous forecast in 2022 and 2023, the projected FY 2022-23 corporate revenue is now expected to increase slightly, 1.0 percent, instead of decreasing. Finally, in FY 2023-24, corporate tax revenues are expected to grow by 5.7 percent, resulting in the second highest total on record after FY 2020-21. Note, recently passed state bills are expected to limit certain deductions in FY 2021-22 through FY 2023-24, but the overall impact on corporate revenue collections is rather limited.



Sales and Use Taxes

Sales tax revenue grew 7.0 percent in FY 2020-21 and is expected to grow by an additional 9.5 percent in FY 2021-22 before slowing to 5.2 percent growth in FY 2022-23. Relative to the June forecast, the projection for FY 2021-22 was revised upward by approximately $78.7 million to $3.746 billion. The projection for FY 2022-23 was also revised upward by $64.5 million. Finally, we have projected FY 2023-24 revenue for the first time in this forecast and are expecting slower but continued growth of 3.5 percent to $4.077 billion.



The upward revision to FY 2021-22 is a result of strong collections continuing into July and August. Detailed Colorado data through June shows that this increase has been driven by increased consumption across the spectrum of goods, with particularly strong spending at non-store retailers, building and gardening supply stores, and on sporting goods and hobbies. In addition, arts and recreation, accommodations, and food and drinking places all showed strong recoveries in June, all above 2019 June levels. Additional upward revisions to growth in FY 2021-22 and FY 2022-23 reflect new data showing that July and August collections have continued an upward trajectory above expectations, and while we expect that this growth will ease as we move into the fall and winter, it is clear that the effects of increased savings and pent-up demand across the economy persist.

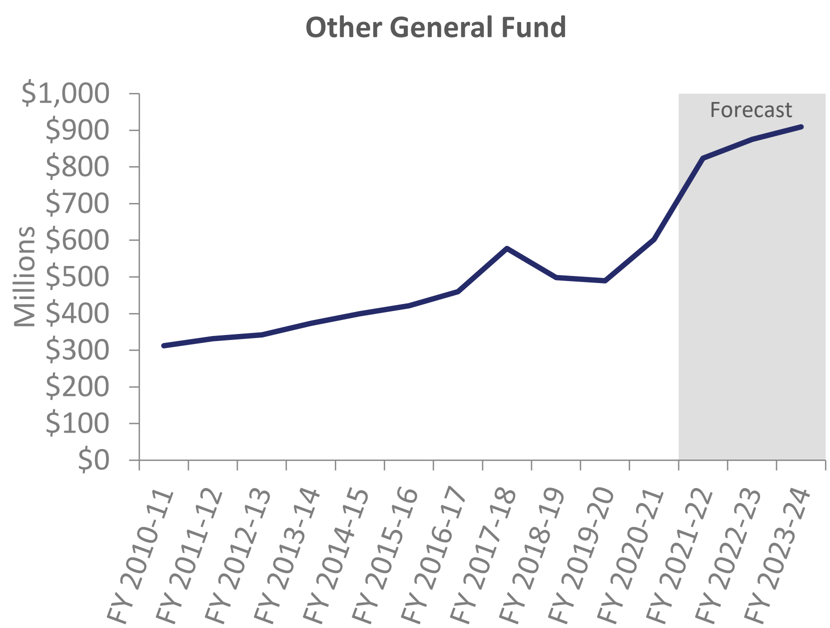
Note that these sales tax revenue estimates incorporate bills passed over the course of the 2021 Colorado legislative session. Policy-related adjustments for FY 2021-22 through FY 2023-24 are -$27.7 million, +$27.6 million, and +$30.9 million respectively.

Use tax revenue increased 1.8 percent to $214.2 million in FY 2020-21 after a 39.1 percent decline in FY 2019-20 as a result of HB 19-1240 and the collection of out-of-state sales tax. Further, it is expected that use taxes will continue to rebound to $227.9 million in FY 2021-22 and grow to $235.0 million in FY 2022-23. These projections are revised upward from June's forecast due to higher-than-expected collections in June, July, and August and the projections assume that the trade-off between sales and use revenue as a result of HB 19-1240 has largely leveled off as a more normal relationship between sales and use collections resumes.

After a 27.4 percent increase to $245.5 million in FY 2019-20, the 15 percent special sales tax on marijuana retail sales increased by another 17.4 percent to $288.2 million in FY 2020-21. After two months with relatively weaker collections than expected in July and August, marijuana revenue is expected to decline by 5.7 percent in FY 2021-22 and resume slower growth in FY 2022-23 and FY 2023-24. Further analysis of marijuana tax collections can be found in the Revenue Outlook – Cash Funds section of this report.

Other General Fund Revenue

Other General Fund revenue includes excise taxes on cigarettes, tobacco, nicotine, and liquor, as well as insurance premium tax revenue and interest income. Other General Fund revenue is expected to increase by 36.8 percent in FY 2021-22, followed by growth of another 6.2 percent in FY 2022-23 and 3.9 percent in FY 2023-24. This estimate was revised upward from the June forecast due to higher than expected cigarette and nicotine revenues in recent months. In particular, bulk buying of cigarettes and other tobacco products in December 2020, just prior to the imposition of the new Proposition EE taxes on cigarettes, nicotine, and other tobacco products, weighed heavily on collections through May. However, incoming cigarette revenue has returned to pre-Proposition EE trends since the previous forecast. Additionally, nicotine revenue came in much higher than expected since the June forecast, resulting in a higher forecast for nicotine revenue for FY 2021-22 and FY 2022-23.

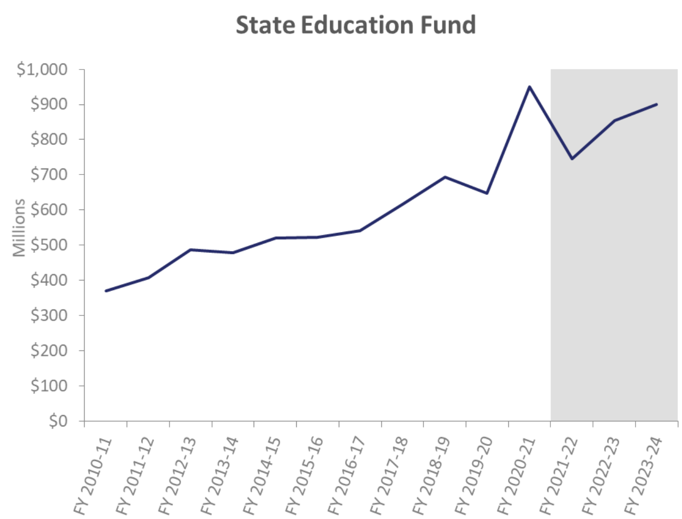


The forecast for Other General Fund Revenue has increased significantly from the FY 2019-20 forecast for FY 2021-22 and onward, which is largely due to additional revenues resulting from the approval of Proposition EE. Proposition EE, a ballot measure approved in November 2020, imposes additional taxes on cigarettes and other tobacco products and creates a tax on other nicotine products such as e-cigarettes, which were implemented in January 2021. Specifically, Proposition EE adds a tax of $1.10 per pack of cigarettes, more than doubling the current tax of $0.84 per pack. In addition, Proposition EE increases the tax on other tobacco products by 10 percentage points from 40 percent of manufacturer's list price (MLP) to 50 percent of MLP. Finally, Proposition EE creates a tax on other nicotine products, starting at 30 percent of MLP and increasing to 50 percent of MLP by the end of this forecast period (FY 2022-24). Through FY 2022-23, revenue from the Proposition EE-imposed taxes is largely transferred to the State Education Fund, with smaller amounts going to the Rural Schools Cash Fund, the Housing Development Grant Fund, the Tobacco Tax Cash Fund, the Eviction Legal Defense Fund, and the Preschool Programs Cash Fund. Looking past FY 2022-23, Proposition EE increases each of these taxes and will generate additional revenue for the state going forward. Starting in FY 2023-24, these funds will be transferred almost entirely into the Preschool Programs Cash Fund aside from a small transfer to the Tobacco Education Programs Fund.

Moreover, the FY22-24 insurance premium tax forecast has been revised upwards due to expectations of stronger premium growth. Reasons for this include an uptick in life insurance policies purchased, price increases in certain lines of property and casualty insurance, and improvement in the broader economy.

State Education Fund

Revenue to the State Education Fund from income taxes increased by 46.9 percent in FY 2020-21 but is expected to decrease 21.5 percent in FY 2021-22. The large increase in FY 2020-21 is largely due to the impact of a delayed transfer from FY 2019-20 revenue collections. Additionally, the size of the drop in FY 2021-22 is due in part to an overestimate in the size of that transfer for FY 2020-21, which will be corrected in FY 2021-22. In FY 2022-23, there is a 14.5 percent increase to $854.3 million in FY 2022-23 and a 5.3 percent increase to $900.0 million in FY 2023-24. This does not include transfers from other funds.



The Colorado Constitution requires that 1/3 of 1 percent of Colorado taxable income be credited to the State Education Fund. As the State Education Fund revenue is derived from taxable income, it generally follows the trends in individual income and corporate income tax revenue collections. However, the State Education Fund deviates from the steadily rising trend in income tax revenue, with the delayed transfers from revenue collections mentioned above driving the break in the relationship.

Revenue Outlook – Cash Funds

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 or have significant fiscal implications.

Total cash fund revenue subject to TABOR was $2.2 billion in FY 2020-21, a reduction of 2.0 percent from the prior fiscal year. In FY 2021-22, cash fund revenue is projected to increase by 10.4 percent followed by 6.3 percent growth in FY 2022-23 and 5.5 percent growth in FY 2023-24.

Transportation

Transportation-related cash fund revenue fell by 6.1 percent in FY 2019-20 and 3.5 percent in FY 2020-21. The forecast for FY 2021-22 has been revised downward slightly since June. Motor fuel tax revenue, which typically accounts for over half of all Highway Users Cash Fund revenue, came in lower than expected since the June forecast as commuting travel remains below pre-pandemic levels. Motor fuel taxes are still expected to pick up in FY 2021-22 based on increased tourism into the state and a return to offices, but the forecast has been revised down since June. Strong vehicle purchases helped bolster registration-related collections FY 2020-21, but declines in registration revenue are expected in FY 2021-22 and FY 2022-23 due to the impact of the recent Sustainability of the Transportation System bill, SB21-260. This bill reduces the road safety surcharge in 2022 and 2023, decreasing registration revenue by an estimated $32.8 million in FY 2021-22. In FY 2022-23, the bill begins to affect revenue flows more broadly. It introduces a range of fees to fuel taxes and other categories which more than offset the reduction in the road safety surcharge, resulting in a $28.3 million expected increase to the Highway Users Tax Fund on net and $6.9 million in other funds subject to TABOR. In FY 2023-24, SB 21-260 is expected to increase HUTF revenue by $97.3 million and other revenue subject to TABOR by $7.8 million. Total transportation revenue is forecast to grow by 3.5 percent in FY 2021-22, 6.6 percent in FY 2022-23, and 7.6 percent in FY 2023-24.

Transportation Revenue	Preliminary FY 19-20	Preliminary FY 20-21	Forecast FY 21-22	Forecast FY 22-23	Forecast FY 23-24
Highway Users Tax Fund (HUTF)					
Motor and Special Fuel Taxes	**$624.5**	**$593.7**	**$628.0**	**$701.4**	**$741.5**
Change	-4.6%	-4.9%	5.8%	11.7%	5.7%
Total Registrations	**$381.8**	**$400.2**	**$370.9**	**$358.8**	**$403.7**
Change	-0.2%	4.8%	-7.3%	-3.3%	12.5%
Registrations	*$227.0*	*$234.1*	*$240.2*	*$240.0*	*$248.7*
Road Safety Surcharge	*$134.0*	*$137.8*	*$105.7*	*$92.9*	*$127.7*
Late Registration Fees	*$20.9*	*$28.3*	*$25.1*	*$25.9*	*$27.3*
Other HUTF	**$62.9**	**$48.1**	**$62.1**	**$75.0**	**$77.8**
Change	-11.50%	-23.5%	29.3%	20.7%	3.8%
Total HUTF	**$1,069.2**	**$1,041.9**	**$1,061.0**	**$1,135.1**	**$1,223.0**
Change	-3.6%	-2.6%	1.8%	7.0%	7.7%
Non-HUTF					
State Highway Fund	**$27.5**	**$18.4**	**$22.2**	**$23.2**	**$25.2**
Change	-30.9%	-33.2%	20.5%	4.5%	8.6%
Other Transportation Funds	**$101.4**	**$95.5**	**$112.6**	**$116.9**	**$124.3**
Change	-20.4%	-5.8%	17.9%	3.8%	6.4%
Total Transportation Revenue	**$1,198.2**	**$1,155.8**	**$1,195.8**	**$1,275.2**	**$1,372.5**
Change	-6.1%	-3.5%	3.5%	6.6%	7.6%

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and a number of smaller cash funds. The primary revenue source for the largest portion of transportation cash funds is the HUTF, which consists mainly of motor fuel taxes and registration fees. The table below illustrates HUTF distributions based on the first and second stream allocation formulas with the current forecast for HUTF revenue. Off-the-top deductions for Colorado State Patrol and Division of Revenue reflect the FY 2021-22 appropriation and are assumed to remain at that level in future years.

HUTF Revenue Distributions	Preliminary FY 20-21	Forecast FY 21-22	Forecast FY 22-23	Forecast FY 23-24
Off-the-Top Deductions	$134.8	$181.2	$181.2	$181.2
State Highway Fund (CDOT)	$561.2	$544.5	$590.7	$644.9
Counties	$213.1	$206.9	$224.5	$245.1
Cities	$132.8	$128.5	$138.7	$151.8
Total HUTF Distribution	**$1,041.9**	**$1,061.0**	**$1,135.1**	**$1,223.0**

Limited Gaming

After a large decline in FY 2019-20, limited gaming revenue rebounded and grew by 48.2 percent to $121.7 million in FY 2020-21 due to resiliency in gaming revenues over the winter and strong collections through spring and summer. This represents an upward revision of $5.2 million over our June forecast. In addition, revenues have been significantly above expectations in June and July, which has raised expectations for revenue going forward. In particular, it is expected that gaming revenues will reach a new high of $150.5 million in FY 2021-22.

Distribution of Limited Gaming Revenues	Actual FY 19-20	Preliminary FY 20-21	Forecast FY 21-22	Forecast FY 22-23	Forecast FY 23-24
A. Total Limited Gaming Revenues (Includes Fees and Interest)	**$82.1**	**$121.7**	**$150.5**	**$152.8**	**$154.6**
Annual Percent Change	-35.4%	48.2%	23.6%	1.5%	1.2%
B. Gaming Revenue Exempt from TABOR (Extended Limited)	**$13.0**	**$20.2**	**$21.5**	**$21.8**	**$22.1**
Annual Percent Change	-35.7%	55.7%	6.3%	1.5%	1.2%
C. Gaming Revenue Subject to TABOR	**$69.1**	**$101.5**	**$129.0**	**$131.0**	**$132.5**
Annual Percent Change	-35.4%	46.8%	27.1%	1.5%	1.2%
D. Total Amount to Base Revenue Recipients	**$50.3**	**$87.6**	**$114.7**	**$116.9**	**$118.4**
Amount to State Historical Society (28%)	$14.1	$24.5	$32.1	$32.7	$33.2
Amount to Counties (12%)	$6.0	$10.5	$13.8	$14.0	$14.2
Amount to Cities (10%)	$5.0	$8.8	$11.5	$11.7	$11.8
Amount to Distribute to Remaining Programs (State Share) (50%	$25.2	$43.8	$57.4	$58.4	$59.2
Amount to Local Government Impact Fund	$0.0	$0.0	$5.4	$5.5	$5.6
Colorado Tourism Promotion Fund	$0.0	$0.0	$15.0	$15.0	$15.0
Creative Industries Cash Fund	$0.0	$0.0	$2.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.0	$0.0	$0.5	$0.5	$0.5
Advanced Industries Acceleration Fund	$0.0	$0.0	$5.5	$5.5	$5.5
Innovative Higher Education Research Fund	$0.0	$0.0	$2.1	$2.1	$2.1
Transfer to the General Fund	$25.2	$43.8	$26.9	$27.8	$28.5
E. Total Amount to Amendment 50 Revenue Recipients	**$15.1**	**$17.4**	**$19.1**	**$19.2**	**$19.5**
Community Colleges, Mesa and Adams State (78%)	$11.8	$13.6	$14.9	$15.0	$15.2
Counties (12%)	$1.8	$2.1	$2.3	$2.3	$2.3
Cities (10%)	$1.5	$1.7	$1.9	$1.9	$2.0

These strong upward revisions to FY 2021-22 and onward are due to altered expectations related to Amendment 77 changes increasing maximum bets and expanding game options, which most Colorado casinos began to enact starting in May. We originally assumed that these changes would have a minor ($2-$5 million) positive effect on gaming revenue going forward, but in light of strong collections since these changes were put into place, we now anticipate that these changes may have a larger impact, in the range of $15-$20 million. We will continue to revisit these expectations for the effect of Amendment 77 and revise in future forecasts if needed.

Severance

Severance tax revenue fell to negative $15.3 million in FY 2020-21, the lowest level since the tax was implemented in 1978, due to high ad valorem tax credit claims and significantly reduced market activity from the pandemic recession. Oil and gas production levels did not drop as much as feared, with the 151.8 million bbl of oil and 2.0 million MCF of gas produced in FY2020-21 still bettering FY2017-2018 numbers. This is partly because oil and gas prices rebounded to pre-pandemic levels by January 2021 and August 2020, respectively. However, oil and gas interest owners claimed $118.5 million in severance tax refunds during FY2020-21, the second-highest amount since at least FY2004-05. This largely reflects high ad valorem credits stemming from 2018-2019 local property tax assessments.

Severance tax revenue is expected to moderately increase in Fiscal Year 2021-22 to $106.1 million as market conditions improve – an upward revision of $11.4 million (12 percent) from the June forecast. Colorado's active rig count has more than doubled to 11 compared to this time last year, portending higher extraction, although this is still well below the 20+ average pre-pandemic.[17] At the same time, major operators have been more hesitant to redeploy capital to the DJ Basin than in the past, even as prices increase, preferring the lower costs and higher returns in the Permian and other basins.[18] In addition, state regulatory changes and a spike in Delta coronavirus cases provide downside risk to both supply and demand. The FY2022-23 severance tax projection has been revised slightly upwards (6 percent) from the June forecast to $140.2 million, with similar assumptions resulting in an expected $148.7 million in FY2023-24.

Marijuana

Marijuana taxes grew 32.4 percent overall in FY 2019-20 and grew an additional 22.5 percent in FY 2020-21 as a result of a spike in sales during the height of the pandemic. Strong marijuana sales have continued throughout the summer, though notably sales have finally slowed from the sharp growth trajectory they exhibited over the course of FY 2020-21. In particular, revenue from the 15 percent special sales tax on medical marijuana (the largest source of marijuana revenue for the state) came in $7.8 million lower than anticipated in July and August. For context, these revenues were on average 7.9 percent below the same months in 2020. In addition, revenue from the 15 percent excise tax on retail marijuana came in $2.4 million lower than anticipated in May through July.

[17] Baker Hughes North American Rotary Rig Count

[18] https://www.worldoil.com/news/2021/6/2/dj-basin-production-could-increase-with-greater-capital-allocation-among-operators

Tax Revenue from the Marijuana Industry	Actual FY 19-20	Preliminary FY 20-21	Forecast FY 21-22	Forecast FY 22-23	Forecast FY 23-24
Proposition AA Taxes					
Retail Marijuana 15% Special Sales Tax	$245.5	$290.2	$271.8	$285.4	$296.8
Retail Marijuana 15% Excise Tax	$88.5	$120.3	$113.1	$116.3	$118.6
Total Proposition AA Taxes	**$334.0**	**$410.6**	**$384.9**	**$401.7**	**$415.4**
2.9% Sales Tax & Interest (Subject to TABOR)					
Medical Marijuana 2.9% State Sales Tax	$11.7	$13.0	$11.3	$11.1	$10.8
Retail Marijuana 2.9% State Sales Tax	$1.3	$1.6	$1.4	$1.4	$1.4
Interest Earnings	$0.3	$0.3	$0.4	$0.4	$0.0
Total 2.9% Sales Taxes & Interest	**$13.3**	**$14.9**	**$13.1**	**$12.9**	**$12.2**
Total Marijuana Taxes	**$347.3**	**$425.5**	**$398.0**	**$414.6**	**$427.7**

Fiscal Year	Local Share	General Fund	BEST School Capital Construction	Public School Permanent Fund	Public School Fund	Marijuana Tax Cash Fund
FY 2019-20 Actual	$24.5	$34.4	$88.5	$0.0	$27.8	$172.1
FY 2020-21 Preliminary	$29.0	$40.6	$40.0	$0.0	$113.2	$202.6
FY 2021-22 Projected	$27.2	$38.1	$113.1	$0.0	$30.8	$188.8
FY 2022-23 Projected	$28.5	$40.0	$116.3	$0.0	$32.3	$197.4
FY 2023-24 Projected	$29.7	$41.6	$118.6	$0.0	$33.6	$204.2

There is not sufficient data to make any firm conclusions about the reasons for the change in consumption. However, one preliminary hypothesis is that marijuana consumption at home has declined and while it seems that marijuana consumption outside the home has increased (e.g. consumption by both Colorado residents and non-residents while on vacation in mountain communities), it has not increased sufficiently to account for the drop in at-home consumption. Data on retail marijuana sales by county in Colorado lend support to this hypothesis, as retail marijuana sales in Denver have declined as a percentage of total state sales while sales in mountain and vacation communities such as Summit, Eagle, and Lake counties have increased as a percentage of total sales.

Further, these new months of data do not negate the fact that both the consumer base and transaction size of marijuana have increased over the course of the pandemic. Thus, while the growth rates have slowed, it is still expected that FY 2021-22 through FY 2023-24 revenues will exceed pre-pandemic levels significantly. In addition, the current level of demand likely continues to pressure supply, as the average market rate for flower remains elevated at $1,309/lb, up $1/lb since last forecast.

Federal Mineral Lease

Federal Mineral Lease (FML) revenue increased by 30.8 percent to $82.0 million in FY 2019-20. This was largely due to increased gas and oil production (particularly on the Western Slope), gas prices recovering to pre-pandemic levels by August 2020, and strong price growth since then. At the same time, Colorado's rig count is well below pre-pandemic levels[19] and high prices should lead to reduced natural gas consumption in the electric power sector this winter,[20] moderately dampening price levels. Still, July and August FML receipts have come in stronger than anticipated. FML revenue in Colorado is expected to grow by 14.6 percent in FY 2021-22, which has been revised upwards since the June forecast by $18.8 million (25 percent).

Expectations for a recovery of global gas demand in the industrial and other sectors have led to a positive outlook for FY 2022-23 and FY 2023-24, especially as the federal government resumes selling oil and gas leases on federal land. Royalties collected in FY 2021-22 and FY 2022-23 are forecast to increase by 2.6 percent and 3.0 percent in those years, respectively. While FML revenue is exempt from TABOR, it is included here because a portion of the money is distributed to the Public School Fund.

FML Forecast Distribution Table	Preliminary FY 2020-21	Forecast FY 2021-22	Forecast FY 2022-23	Forecast FY 2023-24
Total FML Revenue	**$82.0**	**$94.0**	**$96.4**	**$99.3**
Change	30.8%	14.6%	2.6%	3.0%
Bonus Payments (portion of total FML revenue)	1.6	1.9	1.9	2.0
Local Government Perm Fund	0.8	0.9	1.0	1.0
Higher Ed FML Revenues Fund	0.8	0.9	1.0	1.0
Other (non-bonus) FML Revenue	80.4	92.1	94.5	97.3
State Public School Fund	38.8	44.5	45.6	47.0
Colorado Water Conservation Board	8.0	9.2	9.4	9.7
DOLA Grants	16.1	18.4	18.9	19.5
DOLA Direct Distribution	16.1	18.4	18.9	19.5
School Districts	1.4	1.6	1.6	1.7
Total Higher Ed Maintenance Reserve Fund	0.8	0.9	1.0	1.0

Other Cash Funds

The State receives revenue from a variety of other cash funds as well. This includes cash fund revenue to the Department of Regulatory Agencies (DORA), which is forecasted to be $90.1 million in FY 2021-22. This estimate was revised downward from the June forecast because collections in FY 2020-21 came in lower than expected at the end of the fiscal year. Insurance-

[19] Baker Hughes North American Rotary Rig Count

[20] U.S. Energy Information Administration, Short-Term Energy Outlook, September 2021

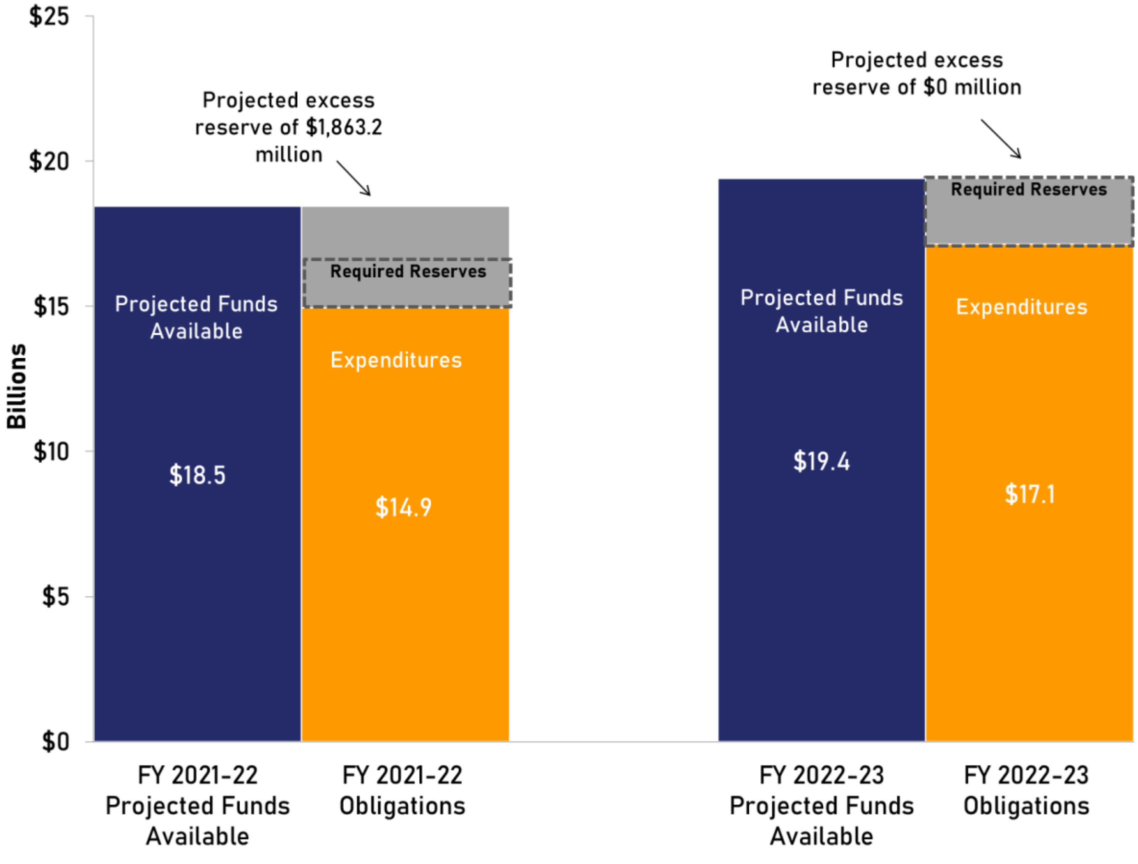
related cash fund revenue is obtained largely from a surcharge on workers' compensation insurance and has been adjusted upward slightly to $21.8 million in FY 2021-22.

Finally, the "Other Miscellaneous Cash Funds" category includes revenue from over 300 cash fund programs that collect revenue from fines, fees, and interest earnings. This broad category is less sensitive to general economic conditions than revenue sources like income and severance taxes. Receipts in FY 2020-21 were $854.2 million, which is $21.4 million (2.4 percent) lower than forecasted in June 2021. Miscellaneous cash funds are expected to increase by 4.3 percent to $891.0 million in FY 2021-22. Growth rates in subsequent years are forecasted to moderate slightly to 4.0 percent growth in FY 2022-23 and 3.4 percent in FY 2023-24.

Budget Outlook

General Fund

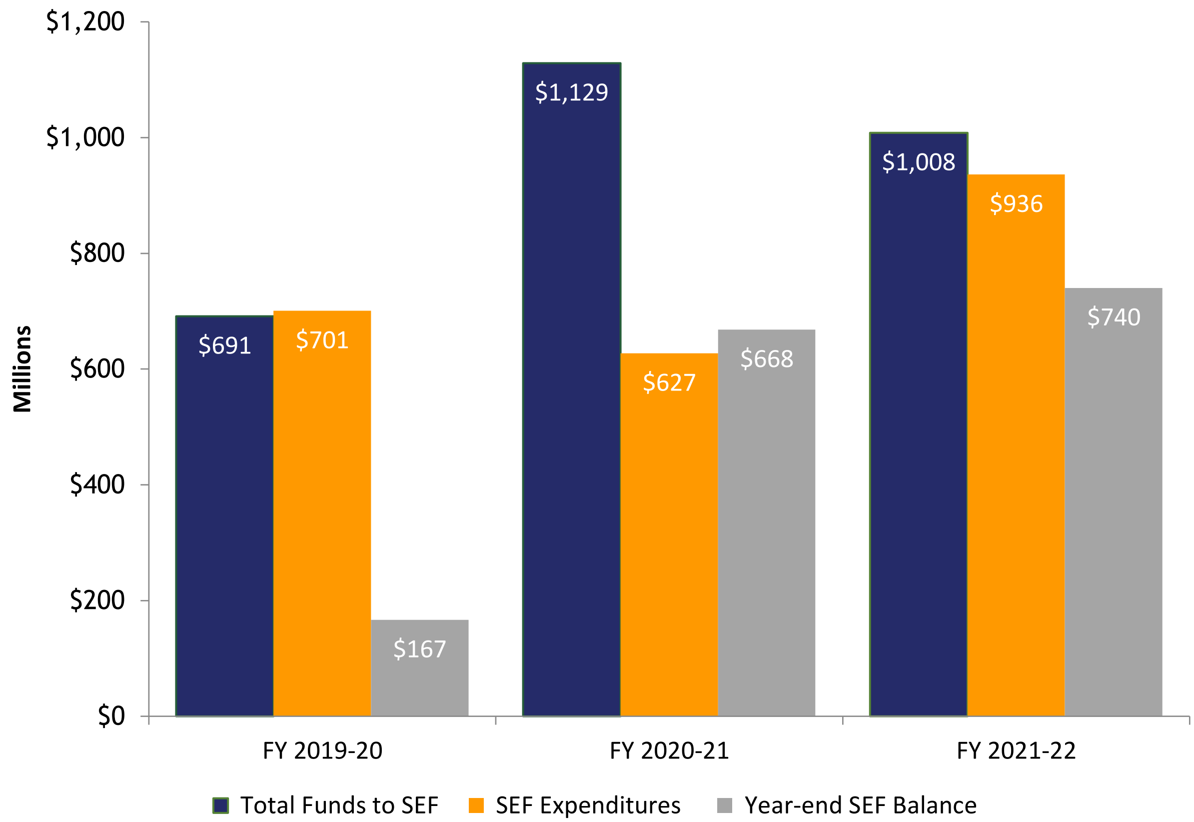
General Fund revenue increased 10.7 percent in FY 2020-21 and is projected to increase 7.3 percent in FY 2021-22 before growing 3.9 percent in FY 2022-23 and 4.7 percent in FY 2023-24. General Fund revenue for FY 2021-22 is $260.6 million, or 1.7 percent higher than was estimated in June, as State revenue collections continue to exceed expectations. The forecast for FY 2022-23 is $221.4 million, or 1.4 percent higher than estimated in June.



The General Fund ending balance was significantly above the required statutory reserve amount of 2.86 percent of appropriations in FY 2020-21. Under this forecast, the General Fund ending balance is projected to be $1,863.2 million above the statutory reserve level of 13.4 percent of appropriations in FY 2021-22. The chart above summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2020-21 and FY 2021-22 under current law.

State Education Fund

The State Education Fund's year-end balance was $668 million in FY 2020-21 and is projected to increase to $740 million in FY 2021-22. This is an $88 million upward revision in FY 2020-21 and a $15 million upward revision in FY 2021-22 compared to the June 2021 forecast, due in part to higher than expected income tax revenue collected in FY 2020-21, a portion of which is diverted to the State Education Fund. The figure below summarizes total State Education Fund revenue, expenditures, and ending balances for FY 2020-21 and FY 2021-22.



Forecast Risks

This budget outlook is based on OSPB's economic forecast as detailed in Tables 1 and 2 of the Reference Tables at the end of this document. This economic forecast is subject to both upside and downside risks.

On the upside, consumer spending continues to drive the economy as household utilize excess savings. Additionally, financial conditions are supportive of a strong economic recovery. However, on the downside, supply chain disruptions continue to weigh down economic growth and the job market recovery in 2021 thus far is an additional drag on the economy. Although economic conditions could be more negative than described in this forecast, the risks to the budget outlook are balanced.

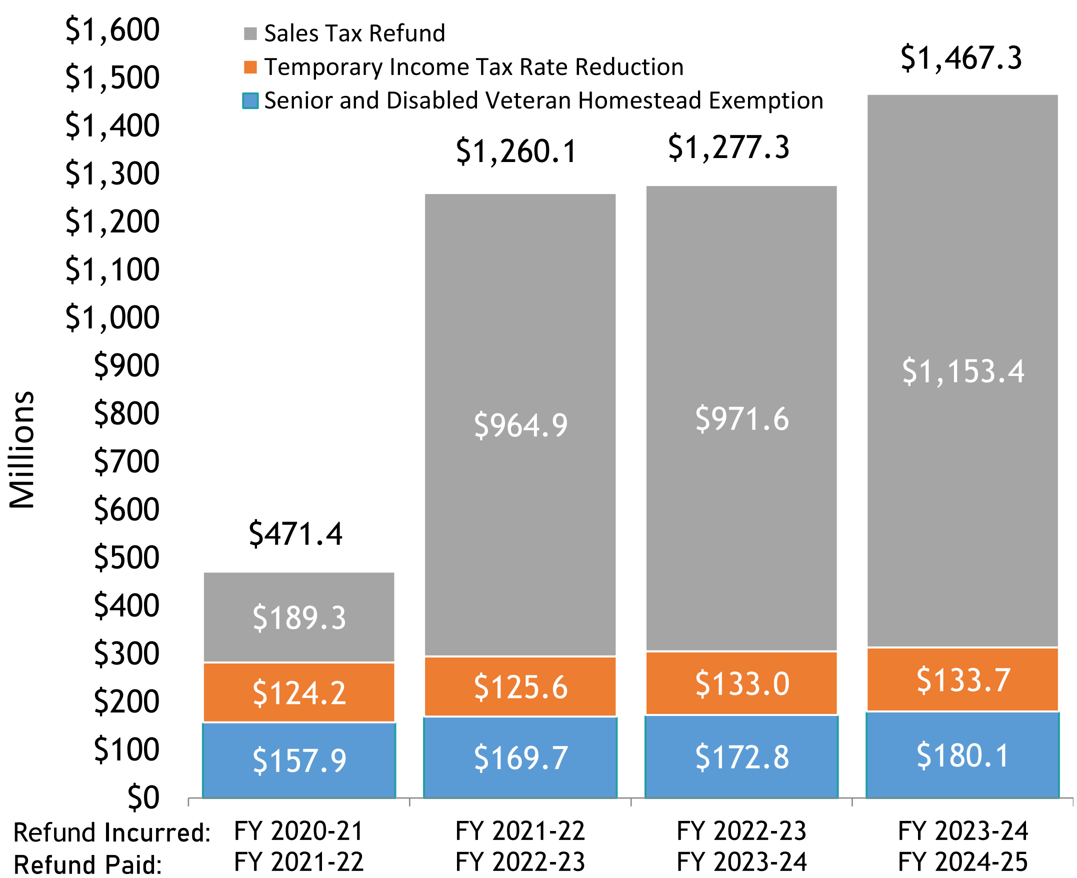
Supplemental Materials

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. Current projections show that TABOR revenue will be $453.6 million above the Referendum C cap in FY 2020-21, $1,260.1 million above the cap in FY 2021-22, $1,277.3 million above the cap in FY 2022-23, and $1,467.3 million above the cap in FY 2023-24.

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 (to 4.50 percent), and a sales tax refund. The size of the refund determines which refund mechanisms are utilized.



The $453.6 million refund obligation in FY 2020-21 is increased by $17.8 million to account for under-refunding of the FY 2018-19 TABOR surplus. An estimated $124.2 million of this $471.4 million refund obligation will be paid out as an income tax rate reduction, while $157.9 million will be refunded via the senior homestead and disabled veterans property tax exemption expenditures and $189.3 million via a sales tax refund in FY 2021-22. Any difference between estimated refunds and actual refunds will be corrected in the next fiscal year in which a refund is owed, which in this forecast is FY 2021-22.

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

Line No.		Actual 2015	2016	2017	2018	2019	2020	September 2021 Forecast 2021	2022	2023
	Income									
1	Personal Income (Billions) /A	$284.8	$290.7	$312.0	$335.2	$352.2	$369.5	$392.7	$403.7	$423.5
2	Change	5.0%	2.1%	7.4%	7.4%	5.1%	4.9%	6.3%	2.8%	4.9%
3	Wage and Salary Income (Billions) /A	$146.6	$151.1	$160.8	$170.3	$182.1	$185.0	$196.2	$206.4	$216.3
4	Change	5.8%	3.1%	6.5%	5.9%	6.9%	1.6%	6.1%	5.2%	4.8%
5	Per-Capita Income ($/person) /A	$52,372.0	$52,624.0	$55,783.0	$59,097.0	$61,400.0	$63,904.0	$67,389.6	$68,546.0	$71,038.7
6	Change	3.3%	0.5%	6.0%	5.9%	3.9%	4.1%	5.5%	1.7%	3.6%
	Population & Employment									
7	Population (Thousands)	5,438.4	5,523.5	5,593.9	5,671.9	5,735.9	5,782.0	5,827.5	5,889.6	5,961.4
8	Change	1.7%	1.6%	1.3%	1.4%	1.1%	0.8%	0.8%	1.1%	1.2%
9	Net Migration (Thousands)	68.5	55.4	42.8	52.5	40.1	25.5	30.0	40.0	50.0
10	Unemployment Rate	3.8%	3.1%	2.6%	3.0%	2.7%	7.3%	5.9%	4.4%	3.8%
11	Total Nonagricultural Employment (Thousands)	2,541.0	2,601.7	2,660.3	2,727.3	2,790.1	2,644.6	2,719.2	2,812.5	2,871.1
12	Change	3.1%	2.4%	2.3%	2.5%	2.3%	-5.2%	2.8%	3.4%	2.1%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	31.9	39.0	40.7	42.6	38.6	40.5	47.1	49.9	51.2
14	Change	11.0%	22.3%	4.4%	4.8%	-9.4%	4.8%	16.5%	5.9%	2.7%
15	Nonresidential Construction Value (Millions) /B	$4,990.8	$5,987.8	$6,154.9	$8,146.4	$5,101.3	$5,482.4	$5,333.0	$5,511.7	$5,635.7
16	Change	14.7%	20.0%	2.8%	32.4%	-37.4%	7.5%	-2.7%	3.4%	2.3%
	Prices									
17	Retail Trade (Billions)	$182.8	$184.7	$194.6	$206.1	$224.6	$228.8	$259.2	$270.9	$279.9
18	Change	0.1%	1.0%	5.4%	5.9%	9.0%	1.9%	13.3%	4.5%	3.3%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-	240.0	246.6	255.0	262.0	267.0	272.2	282.3	290.7	298.6
20	Change	1.2%	2.8%	3.4%	2.7%	1.9%	2.0%	3.7%	3.0%	2.7%

/A 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.

/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 2021 Forecast		
		2015	2016	2017	2018	2019	2020	2021	2022	2023
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$17,390.3	$17,680.3	$18,079.1	$18,606.8	$19,032.7	$18,384.7	$19,469.4	$20,345.5	$20,793.1
2	Change	2.8%	1.7%	2.3%	2.9%	2.3%	-3.4%	5.9%	4.5%	2.2%
3	Personal Income (Billions) /B	$15,685.2	$16,096.9	$16,850.2	$17,706.0	$18,424.4	$19,627.6	$20,821.6	$21,196.4	$22,107.8
4	Change	4.6%	2.6%	4.7%	5.1%	4.1%	6.5%	6.1%	1.8%	4.3%
5	Per-Capita Income ($/person)	$48,903	$49,825	$51,827	$54,174	$56,115	$59,571	$62,965	$63,741	$66,106
6	Change	3.8%	1.9%	4.0%	4.5%	3.6%	6.2%	5.7%	1.2%	3.7%
7	Wage and Salary Income (Billions) /B	$7,859.5	$8,091.2	$8,474.7	$8,900.5	$9,323.5	$9,444.1	$10,010.8	$10,481.3	$10,914.5
8	Change	5.1%	2.9%	4.7%	5.0%	4.8%	1.3%	6.0%	4.7%	4.1%
	Population & Employment									
9	Population (Millions)	320.7	323.1	325.1	326.8	328.3	329.5	330.7	332.5	334.4
10	Change	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.4%	0.6%	0.6%
11	Unemployment Rate	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.5%	4.3%	3.9%
12	Total Nonagricultural Employment (Millions)	141.8	144.3	146.6	148.9	150.9	142.2	146.3	150.9	153.2
13	Change	2.1%	1.8%	1.6%	1.6%	1.3%	-5.8%	2.9%	3.2%	1.5%
	Other Key Indicators									
14	Consumer Price Index (1982-84=100)	237.0	240.0	245.1	251.1	255.7	258.8	270.2	277.4	283.5
15	Change	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.4%	2.7%	2.2%
16	Pre-Tax Corporate Profits (Billions)	$2,060.5	$2,037.7	$2,128.9	$2,305.0	$2,367.8	$2,243.8	$2,587.1	$2,686.7	$2,804.9
17	Change	-2.8%	-1.1%	4.5%	8.3%	2.7%	-5.2%	15.3%	3.9%	4.4%
18	Housing Permits (Millions)	1.183	1.207	1.282	1.329	1.386	1.471	1.756	1.850	1.890
19	Change	12.4%	2.0%	6.3%	3.6%	4.3%	6.1%	19.3%	5.4%	2.2%
20	Retail Trade (Billions)	$5,352.2	$5,506.1	$5,732.9	$5,985.1	$6,184.6	$6,215.1	$7,224.5	$7,537.6	$7,726.0
21	Change	2.6%	2.9%	4.1%	4.4%	3.3%	0.5%	16.2%	4.3%	2.5%

/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 2020-21	% Chg	September 2021 Estimate by Fiscal Year FY 2021-22	% Chg	FY 2022-23	% Chg	FY 2023-24	% Chg
	Excise Taxes:								
1	Sales	$3,419.5	7.0%	$3,745.5	9.5%	$3,939.6	5.2%	$4,077.3	3.5%
2	Use	$214.2	1.8%	$227.9	6.4%	$235.0	3.1%	$240.3	2.2%
3	Retail Marijuana Sales - Special Sales Tax	$288.2	17.4%	$271.8	-5.7%	$285.4	5.0%	$296.8	4.0%
4	Cigarette	$30.1	-7.5%	$28.5	-5.3%	$27.6	-3.0%	$26.8	-3.0%
5	Tobacco Products	$29.0	19.1%	$25.6	-11.7%	$26.9	4.7%	$26.5	-1.2%
6	Liquor	$53.4	6.6%	$55.2	3.4%	$56.8	3.0%	$58.3	2.7%
7	Proposition EE/Nicotine	$49.0	N/A	$200.8	309.6%	$197.4	-1.7%	$200.8	1.8%
8	**Total Excise**	**$4,083.5**	**8.6%**	**$4,555.3**	**11.6%**	**$4,768.7**	**4.7%**	**$4,927.0**	**3.3%**
	Income Taxes:								
9	Net Individual Income	$9,482.7	9.7%	$10,021.8	5.7%	$10,449.9	4.3%	$11,005.1	5.3%
10	Net Corporate Income	$1,183.7	62.5%	$931.6	-21.3%	$941.3	1.0%	$994.5	5.7%
11	**Total Income**	**$10,666.3**	**13.8%**	**$10,953.5**	**2.7%**	**$11,391.2**	**4.0%**	**$11,999.7**	**5.3%**
12	*Less: State Education Fund Diversion*	*$950.2*	*46.9%*	*$745.9*	*-21.5%*	*$854.3*	*14.5%*	*$900.0*	*5.3%*
13	**Total Income to General Fund**	**$9,716.2**	**11.3%**	**$10,207.5**	**5.1%**	**$10,536.9**	**3.2%**	**$11,099.7**	**5.3%**
	Other Revenue:								
14	Insurance	$336.3	-0.3%	$438.5	30.4%	$495.4	13.0%	$520.2	5.0%
15	Interest Income	$50.0	60.9%	$42.4	-15.3%	$34.0	-19.8%	$36.8	8.2%
16	Pari-Mutuel	$0.3	-21.2%	$0.5	66.2%	$0.5	-2.0%	$0.5	-2.0%
17	Court Receipts	$3.5	-9.8%	$3.8	8.7%	$3.7	-2.6%	$3.7	0.0%
18	Other Income	$50.6	422.4%	$28.7	-43.4%	$33.0	15.0%	$35.7	8.2%
19	**Total Other**	**$440.8**	**15.2%**	**$513.8**	**16.6%**	**$566.6**	**10.3%**	**$596.9**	**5.3%**
20	**GROSS GENERAL FUND**	**$14,240.4**	**10.7%**	**$15,276.7**	**7.3%**	**$15,872.1**	**3.9%**	**$16,623.5**	**4.7%**

/A Dollars in millions.

Table 4: General Fund Overview /A

Line No.		Preliminary FY 2020-21	September 2021 Estimate by Fiscal Year FY 2021-22	FY 2022-23	FY 2023-24
Revenue					
1	**Beginning Reserve**	**$1,825.2**	**$3,150.2**	**$3,508.9**	**$2,263.0**
2	**Gross General Fund Revenue**	**$14,240.4**	**$15,276.7**	**$15,872.1**	**$16,623.5**
3	*Transfers to the General Fund*	$335.3	$30.0	$28.6	$30.8
4	**TOTAL GENERAL FUND AVAILABLE**	**$16,400.8**	**$18,456.8**	**$19,409.7**	**$18,917.3**
Expenditures					
5	**Appropriation Subject to Limit**	**$10,978.9**	**$12,281.9**	**$15,086.9**	**$14,586.3**
6	*Dollar Change (from prior year)*	-$826.2	$1,303.0	$2,805.0	-$500.7
7	*Percent Change (from prior year)*	-7.0%	11.9%	22.8%	-3.3%
8	**Spending Outside Limit**	**$2,271.7**	**$2,666.0**	**$2,059.7**	**$2,143.1**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$471.4	$1,260.1	$1,277.3	$1,467.3
10	*Homestead Exemption (Net of TABOR Refund)*	$157.9	$0.0	$0.0	$0.0
11	*Other Rebates and Expenditures*	$137.9	$140.5	$142.1	$143.4
12	*Transfers for Capital Construction*	$43.0	$348.9	$50.0	$50.0
13	*Transfers for Transportation*	$30.0	$294.0	$115.0	$0.0
14	*Transfers to State Education Fund*	$113.0	$123.0	$0.0	$0.0
15	*Transfers to Other Funds*	$1,318.5	$499.4	$475.3	$482.4
16	**TOTAL GENERAL FUND OBLIGATIONS**	**$13,250.7**	**$14,947.9**	**$17,146.6**	**$16,729.4**
17	*Percent Change (from prior year)*	4.2%	12.8%	14.7%	-2.4%
18	Reversions and Accounting Adjustments	$0.0	$0.0	$0.0	$0.0
Reserves					
19	**Year-End General Fund Balance**	**$3,150.2**	**$3,508.9**	**$2,263.0**	**$2,187.9**
20	*Year-End General Fund as a % of Appropriations*	28.7%	28.6%	15.0%	15.0%
21	*General Fund Statutory Reserve*	$314.0	$1,645.8	$2,263.0	$2,187.9
22	*Above/Below Statutory Reserve*	$2,836.2	$1,863.2	$0.0	$0.0

/A. FY 2020-21 and FY 2021-22 expenditures reflect all legislation that has passed through both the Colorado House and Senate as of June 18, 2021. FY 2022-23 appropriations will be adopted in future budget legislation. Therefore, FY 2022-23 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 2020-21	September 2021 Estimate by Fiscal Year		
			FY 2021-22	FY 2022-23	FY 2023-24
Revenue					
1	**Beginning Reserves**	**$1,991.8**	**$3,818.3**	**$4,249.2**	**$2,774.0**
2	*State Education Fund*	$166.7	$668.1	$740.3	$511.0
3	*General Fund*	$1,825.2	$3,150.2	$3,508.9	$2,263.0
4	**Gross State Education Fund Revenue**	**$1,128.6**	**$1,008.3**	**$985.2**	**$1,030.8**
5	**Gross General Fund Revenue /B**	**$14,575.7**	**$15,306.7**	**$15,900.7**	**$16,654.3**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$17,696.1**	**$20,133.2**	**$21,135.1**	**$20,459.1**
Expenditures					
7	General Fund Expenditures /C	$13,250.7	$14,947.9	$17,146.6	$16,729.4
8	State Education Fund Expenditures	$627.2	$936.1	$1,214.5	$1,530.5
9	**TOTAL OBLIGATIONS**	**$13,877.8**	**$15,884.0**	**$18,361.1**	**$18,259.9**
10	*Percent Change (from prior year)*	3.5%	14.5%	15.6%	-0.6%
11	*Reversions and Accounting Adjustments*	$0.0	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$3,818.3**	**$4,249.2**	**$2,774.0**	**$2,199.2**
13	State Education Fund	$668.1	$740.3	$511.0	$11.3
14	General Fund	$3,150.2	$3,508.9	$2,263.0	$2,187.9
15	*General Fund Above/Below Statutory Reserve*	$2,836.2	$3,726.3	$0.0	$0.0

/A FY 2020-21 and FY 2021-22 expenditures reflect all legislation that has passed through both the Colorado House and Senate as of June 18, 2021. FY 2022-23 appropriations will be adopted in future budget legislation. Therefore, FY 2022-23 expenditures and fund balance projections shown are illustrative only. Dollars in millions.

/B These amounts include the following transfers: $115.8 million in FY 2020-21, $248.1 million in FY 2021-22, and $124.0 million in FY 2022-23.

/C This amount includes transfers to the General Fund.

/D General Fund expenditures include appropriations subject to the limit of 5.0 percent of Colorado personal income as well as all spending outside the limit.

Table 6: Cash Fund Revenue Subject to TABOR /A

Line No.	Category	Preliminary FY 2020-21	September 2021 Estimate by Fiscal Year FY 2021-22	FY 2022-23	FY 2023-24
1	**Transportation-Related /A**	**$1,155.8**	**$1,195.8**	**$1,275.2**	**$1,372.5**
2	Change	-3.5%	3.5%	6.6%	7.6%
3	**Limited Gaming Fund /B**	**$101.5**	**$129.0**	**$131.0**	**$132.5**
4	Change	46.8%	27.1%	1.5%	1.2%
5	**Capital Construction - Interest**	**$2.8**	**$3.7**	**$4.2**	**$4.2**
6	Change	-55.5%	30.0%	15.0%	0.0%
7	**Regulatory Agencies**	**$89.1**	**$90.1**	**$92.8**	**$95.8**
8	Change	9.9%	1.1%	3.0%	3.3%
9	**Insurance-Related**	**$20.3**	**$21.8**	**$21.0**	**$21.2**
10	Change	-18.6%	7.4%	-3.7%	1.0%
11	**Severance Tax**	**($15.3)**	**$106.1**	**$140.2**	**$148.7**
12	Change	-110.3%	-794.1%	32.2%	6.0%
13	**Other Miscellaneous Cash Funds**	**$854.2**	**$891.0**	**$926.7**	**$957.8**
14	Change	17.8%	4.3%	4.0%	3.4%
15	**TOTAL CASH FUND REVENUE**	***$2,208.6***	***$2,437.5***	***$2,591.1***	***$2,732.7***
16	Change	-2.0%	10.4%	6.3%	5.5%

/A Includes revenue from Senate Bill 09-108 (FASTER) which began in FY 2009-10. Roughly 40 percent 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. Additionally, includes the impact of SB 21-260 which dedicates funding and creates new state enterprises to enable the planning, funding, development, construction, maintenance, and supervision of a sustainable transportation system.
/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/A

Line No.		Preliminary FY 2020-21	September 2021 Estimate by Fiscal Year FY 2021-22	FY 2022-23	FY 2023-24
	TABOR Revenues:				
1	General Fund /A	$13,860.2	$14,811.1	$15,394.2	$16,127.6
	Percent Change from Prior Year	9.7%	6.9%	3.9%	4.8%
2	Cash Funds /A	$2,237.7	$2,437.5	$2,591.1	$2,732.7
	Percent Change from Prior Year	-0.3%	8.9%	6.3%	5.5%
3	**Total TABOR Revenues**	**$16,097.9**	**$17,248.6**	**$17,985.3**	**$18,860.3**
	Percent Change from Prior Year	8.2%	7.1%	4.3%	4.9%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.2%	0.3%	0.8%	1.1%
5	Previous calendar year inflation	1.9%	2.0%	3.7%	3.0%
6	**Allowable TABOR Growth Rate**	**3.1%**	**2.2%**	**4.5%**	**4.1%**
7	TABOR Limit /B	$12,628.1	$12,905.9	$13,486.7	$14,039.6
8	General Fund Exempt Revenue Under Ref. C /C	$3,016.3	$3,082.6	$3,221.3	$3,353.4
9	**Revenue Cap Under Ref. C /B /D**	**$15,644.3**	**$15,988.5**	**$16,708.0**	**$17,393.0**
10	***Amount Above/Below Cap***	**$453.6**	**$1,260.1**	**$1,277.3**	**$1,467.3**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$471.4**	**$1,260.1**	**$1,277.3**	**$1,467.3**
12	TABOR State Emergency Reserve Requirement	$469.3	$479.7	$501.2	$521.8

/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. SB 21-260 raises the Referendum C cap back to its pre-SB 17-267 levels, adjusted for inflation and population growth since the passage of SB 17-267. The new cap, in line with the original Referendum C 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.

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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 (the "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, 2021, approximately $274.3 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, 2021, 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 in the Assistance Fund the greater of (i) 35% of the gross amount of "Public School Lands Income" 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.

Rental Income and Royalties
(Unaudited)

	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21
Rental Income[1,2]	$ 24,206,902	$ 29,339,033	$26,771,170	$28,010,081	29,076,075
Royalties[1]	92,795,261	100,450,450	121,704,081	110,176,901	86,373,467
Total[3]	$117,002,163	$129,789,483	$148,475,251	$138,186,982	$115,449,542

[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 Assistance Fund Details includes investment income produced by the Public School Permanent Fund beyond that distributed to support the School Finance Act annually.
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 $1.9 million to $1.4 million, oil royalty revenues will decline from $51 million to $44 million and natural gas royalty revenues will decline from $29 million to $25 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 $1.33 billion, or more than 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 are projected to be slightly weaker for Fiscal Year 2021-22 than they were for Fiscal Year 2020-21. The State Land Board anticipates additional decline in Fiscal Year 2022-23 despite increases in non-oil and gas (*i.e.*, recurring) School Trust revenue.

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 2015-16	Fiscal Year 2017-18	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21
BEST Lottery Share	$8,070,499	$2,273,562	$4,117,403	$14,736,143[2]	$847,978[3]	$7,603,614

[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.
[3] Significant decrease in lottery revenues attributable in part to lack of enormous jackpots which occurred in the prior two fiscal years and the impact of stay-at-home orders.
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 and thereafter 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 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21
Marijuana Excise Tax	$40,000,000	$40,000,000	$52,648,440	$89,786,557	$40,000,000

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 2021S Certificates, $36,551,838.99 Matching Moneys related to the Series 2021S Certificates will be credited to the Assistance Fund or to such other accounts appropriate under the Act in the form of cash and will be used to pay for the Participating K-12 Institutions' respective projects. Additional Matching Moneys obligations relating to the Series 2021S Certificates are payable to the Assistance Fund in the future as Matching Moneys Bonds in the aggregate principal amounts of $26,938,960.50 plus an estimated $7,496,102.30 in interest. See "PLAN OF FINANCING—Series 2021S Projects and Series 2021S 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 2021S Certificates, an aggregate principal amount of approximately $395,593,133.17 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 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. The interest rate for the Matching Money Bonds or Matching Money Installment Payments is set at the time of pricing of the certificates of participation and all Matching Money Bonds are issued with a ten-year call option. The State Treasurer has created a process whereby Participating K-12 Institutions may amend the interest rate and payment schedule anytime on or after their respective call dates. Participating K-12 Institutions are also able to refund their Matching Money Bonds or Matching Money Installment Payments and provide the required prepayment amount to the State Treasurer. Future Matching Money Bond and Matching Money Installment Payments received in the Assistance Fund are subject to change based on these amendment and refunding opportunities.

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 $125 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 2021S 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 2021S 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 2021S 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.

Assistance Fund Details[1]

	As of June 30, 2017	As of June 30, 2018	As of June 30, 2019	As of June 30, 2020	As of June 30, 2021
Assets[2]	$387,805,807	$403,088,998	$449,299,706	$449,226,403	$307,874,726
Liabilities[3]	2,209,304	10,329,056	32,192,948	40,425,750	33,566,081
Fund Balance	385,596,503	392,759,942	417,106,758	408,800,653	274,308,645
Restrictions and Encumbrances[4]	68,505,539	151,593,529	150,618,432	190,756,683	175,280,031
Available Fund Balance[5]	317,090,964	236,358,471	266,488,326	218,043,970	99,028,614
	Fiscal Year 2016-2017	**Fiscal Year 2017-2018**	**Fiscal Year 2018-2019**	**Fiscal Year 2019-2020**	**Fiscal Year 2020-2021**
Revenue:					
Transfers In for Grants and Construction Payments[6]	$ --	$ 8,807,361	$ 93,877,955	$212,917,293	$185,326,757
Rents and Royalties from the State Land Board & Public School Permanent Fund Interest Income	58,501,081	69,227,578	82,406,770	78,488,226	67,034,722
Lottery	2,273,562	4,117,403	14,736,143	847,978	7,603,614
Marijuana Excise Tax	40,000,000	40,000,000	52,648,440	89,786,557	40,000,000
Marijuana Sales Tax (Proposition BB)	--	--	--	--	--
Matching Moneys	16,395,130	17,356,738	22,315,549	28,456,354	32,446,886
Interest	4,099,368	6,343,427	8,874,910	8,684,611	3,818,117
General Fund Transfer (SB21-202)					10,000,000
Total Revenue	121,269,148	145,852,507	274,859,767	419,181,019	346,230,096
Expenditures:					
Grants	42,992,299	57,727,190	68,742,664	94,645,720	99,097,545
Construction Payments[6]	--	13,700,329	108,295,263	219,307,608	179,140,412
Base Rent Payments	45,873,514	65,652,050	71,714,845	111,739,976	91,437,005
Administration and Other	1,492,245	1,609,499	1,760,179	1,793,820	1,789,763
Transfer for State Education Fund					100,000,000
Total Expenditures	90,358,058	138,689,068	250,512,951	427,487,124	471,464,725
Change in Fund Balance	$30,911,082	$ 7,163,439	$ 24,346,816	$ (8,306,105)	$(125,234,629)

[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.

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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 2021S 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]

Participating K-12 Institutions	Description of Leased Property	Land
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
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 *(The Series 2012H Certificates were partially refunded and defeased by the Series 2019P 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 *(The Series 2013I Certificates were partially refunded and defeased by the Series 2019Q 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 in the County of Saguache and State of Colorado	PK-12 school replacement 49,644 sq. ft. w/ 21 classrooms[2]	4.47-acre parcel of land valued at $2,473
South Conejos School District No. RE-10	PK-12 school replacement	22.89-acre parcel of land valued at $8,275

Participating K-12 Institutions	Description of Leased Property	Land
	63,583 sq. ft. w/ 19 classrooms[2]	
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 and maintenance building 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 and Gym 152,000 sq. ft. w/ 6 classrooms	6.21-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	5.48 acres
Buena Vista School District R-31	New middle school and high school and gym and building renovations 134,128 sq. ft. w/ 47 classrooms	21.02 acres
Canon City School District RE-1	New elementary school 46,994 sq. ft. w/ 15 classrooms	2.64 acres
Hayden School District RE-1	New middle school and high school plus renovation of elementary school 136,962 sq. ft. w/ 38 classrooms	20.7 acres
Kit Carson School District R-1	New PK-12 school 48,000 sq. ft. w/ 18 classrooms	15.2 acres
Mapleton School District 1	New 4-8 school 45,980 sq. ft. w/ 20 classrooms	4.125 acres
Swallows Charter Academy	Addition to K-12 school 45,755 sq. ft. w/ 27 classrooms	4.11 acres
Wray School District RD-2	New middle school as addition to existing elementary school and high school 150,800 sq. ft. w/ 57 classrooms	21.56 acres
Series 2019O Certificates		
Adams-Arapahoe 28J	Middle School 131,000 sq. ft. w/ 51 classrooms	19.23 acres
Lake County R-1	Elementary School 58,459 sq. ft. w/ 21 classrooms	10.007 acres
Manzanola 3J	PK-12 School 67,500 sq. ft. w/ 14 classrooms	8.139 acres
Mapleton 1	Elementary School 60,000 sq. ft. w/ 26 classrooms	7.346 acres
North Conejos RE-1J	High School 73,311 sq. ft. w/ 25 classrooms	29.7 acres
Yuma 1	High School and outbuildings 64,230 sq. ft. w/ 22 classrooms	30.092 acres
Series 2019P Certificates *(See Series 2012H Certificates above)*		
Series 2019Q Certificates *(See Series 2013I Certificates above)*		
Series 2020R Certificates		

Participating K-12 Institutions	Description of Leased Property	Land
Johnstown-Milliken RE-5J	New Elementary School 80,000 sq. ft. w/ 40 classrooms	10.002 acres
Pueblo School District No. 60	New Elementary School 56,000 sq. ft. w/ 24 classrooms	7.641 acres
Pueblo School District No. 60	New Elementary School 56,000 sq. ft. w/24 classrooms	7.046 acres
Springfield School district No. RE-4	Renovation of High School w/ addition of PK-8 80,683 sq. ft. w/32 classrooms	21.63 acres

Series 2021S Certificates *(See "PLAN OF FINANCING—The Series 2021S Projects and Series 2021S Participating K-12 Institutions" and "SECURITY AND SOURCES OF PAYMENT—The Leased Property—The 2021S Leased Property.")*

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[1] The Leased Property shown on this list, or any portion thereof, may be released and other property substituted therefor as described in "Substitution of Leased Property" under "SECURITY AND SOURCE OF PAYMENT." 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.

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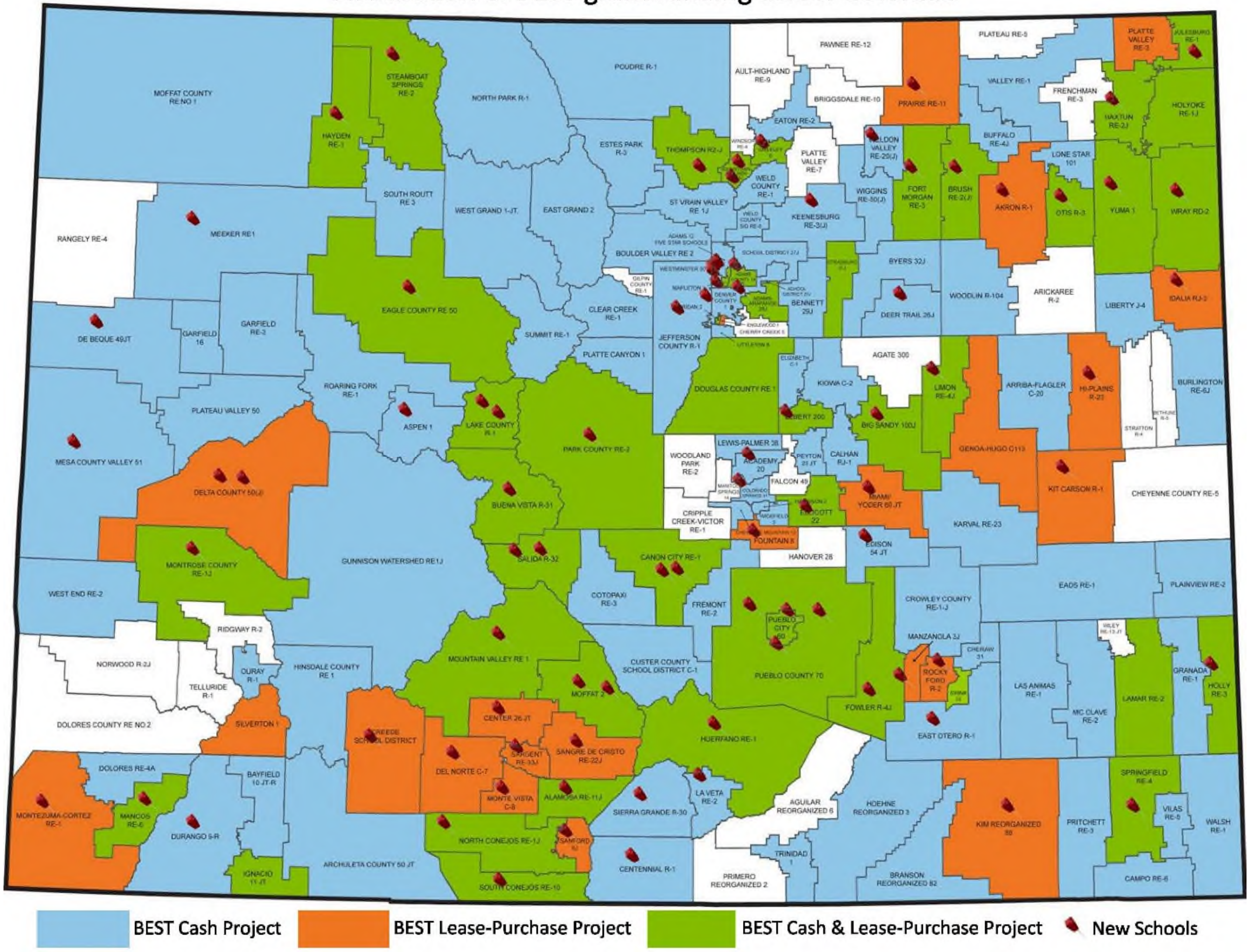
The following map shows the geographic distribution of the BEST projects[1] in the State.

Distribution of BEST grant funding across Colorado



[1] Map includes all projects awarded since the Fiscal Year 2008-09 grant cycle, including the Series 2021S Projects.

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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. The statistics have been obtained from the referenced sources and represent the most current information available as of May 2021 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. As a direct result of the COVID-19 pandemic, the information in this Appendix I, such as employment figures, has changed materially since the date of such information. See "RISKS AND OTHER INVESTMENT CONSIDERATIONS—Potential Impacts of COVID-19 (Coronavirus)." See also "APPENDIX E—THE STATE GENERAL FUND—Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX F—OSPB SEPTEMBER 2021 REVENUE FORECAST."

Development Research Partners, Inc., has consented to the inclusion of such information in this Official Statement. Neither the State nor the Underwriters assumes responsibility for the accuracy, completeness or fairness of such information. The information in this Appendix has been included in this Official Statement in reliance upon the authority of Development Research Partners, Inc., as experts in the preparation of economic and demographic analyses. Potential investors should read this Appendix in its entirety for information with respect to the economic and demographic status of the State.

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 RockyMountains 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 A—THE STATE GENERAL FUND—OSPB Revenue and Economic Forecasts" and "APPENDIX B—OSPB SEPTEMBER 2021 REVENUE FORECAST."

Population and Age Distribution

The following table provides population figures for Colorado and the United States for the past10 years.

Population Estimates (as of July 1)

	Colorado		United States	
	Population (millions)	**% Change**	**Population (millions)**	**% Change**
2010	5.1	1.5%	309.3	0.9%
2011	5.1	1.5	311.6	0.7
2012	5.2	1.4	313.9	0.7
2013	5.3	1.5	316.1	0.7
2014	5.4	1.5	318.4	0.7
2015	5.5	1.9	320.7	0.7
2016	5.5	1.6	323.1	0.7
2017	5.6	1.3	325.1	0.6
2018	5.7	1.4	326.8	0.5
2019	5.8	1.2	328.3	0.5
2020	5.8	0.9	329.5	0.4

Note: Figures for 2010 through 2019 are estimates. The U.S. 2020 count is an estimate, and the 2020 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
As of July 1,

	Colorado, 2020		United States, 2020	
	Population (millions)	**% of total**	**Population (millions)**	**% of total**
Under 18	1.25	21.6%	72.82	22.1%
18 to 24	0.56	9.7	30.03	9.1
25 to 44	1.68	28.9	88.21	26.8
45 to 64	1.44	24.4	82.77	25.1
65+	0.88	15.1	55.66	16.9
Total	5.81	100.0	329.48	100.0
Median Age[1]	37.3		38.5	

[1] U.S. median age is for 2018.
Note: Totals may not add due to rounding. The U.S. 2019 count is an estimate, and the Colorado 2019 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**
2015	$52,219	--	$47,034	--	$49,003	--
2016	52,431	0.4%	47,505	1.0%	49,995	2.0%
2017	55,550	5.9	49,939	5.1	52,096	4.2
2018	58,836	5.9	52,886	5.9	54,581	4.8
2019	61,159	3.9	54,865	3.7	56,474	3.5
2020	63,522	3.9	57,543	4.9	59,729	5.8

[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	**United States**
2016	2,894.2	–%	2,803.5	–%	3.1%	4.9%
2017	2,982.5	3.1	2,904.0	3.6	2.6	4.4
2018	3,071.4	3.0	2,978.2	2.6	3.0	3.9
2019	3,126.1	1.8	2,043.1	2.2	2.7	3.7
2020	3,122.2	-0.1	2,895.5	-4.9	7.3	8.1
Year-to-date averages through April:						
2020	3,086.8	–	2,912.9	–	5.6%	6.7%
2021	3,172.2	2.8%	2,962.8	1.7%	6.6	6.3

[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

						Most Recent Quarter		
Industry	**2016**	**2017**	**2018**	**2019**	**2020**	**2020Q3**	**2020Q4**	**% Change**
Private Sector:								
Agriculture, Forestry, Fishing, and Hunting	16,469	17,598	18,131	19,743	20,067	21,223	19,931	-6.1%
Mining	23,573	25,578	28,200	28,635	21,594	19,183	19,377	1.0%
Utilities	8,239	8,079	8,030	8,168	8,307	8,316	8,317	0.0%
Construction	155,139	163,452	173,063	178,867	174,811	176,214	175,043	-0.7%
Manufacturing	142,381	144,064	147,270	150,109	146,451	146,239	146,394	0.1%
Wholesale Trade	104,882	106,726	108,257	110,218	107,838	106,463	107,763	1.2%
Retail Trade	269,032	270,783	272,644	272,176	262,468	264,229	275,494	4.3%
Transportation and Warehousing	68,327	72,554	77,469	83,417	86,649	85,048	92,314	8.5%
Information	71,730	71,643	74,992	76,296	74,894	73,268	74,227	1.3%
Finance and Insurance	108,970	111,293	112,624	112,761	113,185	112,831	114,484	1.5%
Real Estate and Rental and Leasing	48,707	50,566	52,152	54,474	52,185	51,097	53,245	4.2%
Professional and Technical Services	210,093	215,783	224,620	235,424	239,350	238,255	242,392	1.7%
Management of Companies and Enterprises	36,833	39,018	40,839	42,317	41,970	41,315	42,211	2.2%
Administrative and Waste Services	158,535	158,041	158,512	161,846	149,437	149,514	150,722	0.8%
Educational Services	34,992	35,375	36,694	37,674	34,474	32,862	34,806	5.9%
Health Care and Social Assistance	287,168	291,299	298,559	303,803	297,467	296,660	302,769	2.1%
Arts, Entertainment, and Recreation	52,625	55,407	56,848	58,975	44,406	43,759	41,607	-4.9%
Accommodation and Food Services	270,673	277,613	282,491	285,929	227,884	232,252	222,015	-4.4%
Other Services	78,231	82,201	82,029	84,557	77,271	77,285	78,266	1.3%
Unclassified	759	180	1,886	2,636	2,255	3,167	2,184	-31.0%
Government	405,690	412,002	418,297	427,979	420,659	411,316	421,515	2.5%
Total*	**2,553,045**	**2,609,255**	**2,673,605**	**2,736,002**	**2,603,620**	**2,590,498**	**2,625,077**	**1.3%**

* 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 2020. 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	29,900
UCHealth	Healthcare, Research	25,300
The Kroger Co. (King Soopers/City Market)	Supermarkets	22,000
Centura Health	Healthcare	14,200
Amazon	Warehousing & Distribution Services	12,600
HealthONE Corporation	Healthcare	12,100
Lockheed Martin Corporation	Aerospace & Defense Related Systems	11,400
SCL Health	Healthcare	10,000
Comcast	Telecommunications	9,000
Home Depot	Building Materials Retailer	8,000
Target Corporation	General Merchandise	7,900
Children's Hospital Colorado	Healthcare	7,800
Safeway Inc.	Supermarkets	7,300
Kaiser Permanente	Health Maintenance Organization	7,200
United Airlines	Airline	6,900
JBS Swift & Company	Beef Processing/Corporate Office	6,000
United Parcel Service	Logistics	5,900
Lumen Technologies	Telecommunications	5,800
Vail Resorts	Leisure & Hospitality	5,600
Ball Corporation	Aerospace, Containers	5,500
FedEx Corp.	Transportation, E-commerce	5,200
Banner Health	Healthcare	5,100
Wells Fargo	Banking/Financial Services	5,000
Charles Schwab	Financial Services	4,500
Southwest Airlines	Airline	4,400

[1] Includes both full- and part-time employees.
Source: Compiled by Development Research Partners from various sources, May 2021.

The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2021.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	59,200
Federal Government (except USPS)	45,700
University of Colorado System	24,300
Denver Public Schools	15,200
City & County of Denver	12,000
Jefferson County Public Schools	11,100
U.S. Postal Service	9,000
Douglas County School District RE-1	8,300
Denver Health	8,000
Colorado State University	7,700
Cherry Creek School District 5	7,600
Aurora Public Schools	5,700
Adams 12 Five Star Schools	4,800
Boulder Valley School District RE-2	4,200
St. Vrain Valley School District RE-1J	4,100
Poudre School District R-1	4,100
City of Aurora	4,000
Colorado Springs School District 11	3,700
Academy Schools District 20	3,600
Jefferson County	3,400
U.S. Department of Veterans Affairs	3,200
Mesa County Valley School District 51	3,000
Arapahoe County	3000
El Paso County	2,800
School District 49	2,700

[1] Includes both full- and part-time employees.
Source: Compiled by Development Research Partners from various sources, May 2021.

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 2016 to 2020

	Sales Tax		Use Tax	
	Amount (thousands)	**% Change**	**Amount (thousands)**	**% Change**
2016	$2,596,355	--	$243,818	--
2017	$2,719,778	4.8%	$258,604	6.1%
2018	$2,906,717	6.9	$305,192	18.0
2019	$3,031,974	4.3	$343,489	12.5
2020	$3,186,143	5.1	$226,116	-34.2

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.

Industry	**2016**	**% Change**	**2017**	**% Change**	**2018**	**% Change**	**2019**	**% Change**	**2020**	**% Change**	**2020**	**2021**	**% Change**
Agriculture/Forestry/Fishing	559.5	11.8%	417.9	-25.3%	587.2	40.5%	521.1	-11.3%	491.8	-5.6%	79.8	75.3	-5.6%
Mining	2,485.9	-33.6%	3,665.9	47.5%	4,411.7	20.3%	3,938.3	-10.7%	3,065.7	-22.2%	817.3	607.4	-25.7%
Utilities	7,301.0	-4.1%	7,570.4	3.7%	7,665.8	1.3%	8,031.0	4.8%	7,512.2	-6.5%	2,041.4	2,227.3	9.1%
Construction	4,740.5	1.2%	5,133.6	8.3%	5,758.0	12.2%	6,124.0	6.4%	6,148.5	0.4%	1,340.0	1,313.3	-2.0%
Manufacturing	14,679.1	-7.5%	16,217.9	10.5%	17,360.8	7.0%	15,992.7	-7.9%	16,906.4	5.7%	3,920.1	3,718.7	-5.1%
Wholesale Trade	14,874.5	3.1%	14,530.3	-2.3%	15,407.4	6.0%	18,109.6	17.5%	20,374.5	12.5%	4,359.7	4,396.5	0.8%
Retail Trade													
Motor Vehicle and Auto Parts	19,692.9	3.7%	20,614.6	4.7%	21,190.4	2.8%	21,986.4	3.8%	21,918.4	-0.3%	4,770.6	5,752.6	20.6%
Furniture and Furnishings	3,019.6	5.3%	3,126.0	3.5%	3,265.9	4.5%	3,371.4	3.2%	3,333.6	-1.1%	738.0	865.2	17.2%
Electronics and Appliances	2,534.3	6.1%	2,617.2	3.3%	2,830.3	8.1%	2,956.9	4.5%	2,849.8	-3.6%	649.5	689.7	6.2%
Building Materials/Nurseries	6,800.1	6.7%	7,283.2	7.1%	7,465.8	2.5%	7,413.9	-0.7%	8,891.0	19.9%	1,631.4	2,016.5	23.6%
Food/Beverage Stores	16,798.7	1.1%	17,655.4	5.1%	18,794.5	6.5%	18,927.9	0.7%	20,189.0	6.7%	4,709.4	4,697.7	-0.2%
Health and Personal Care	5,064.2	15.5%	5,355.2	5.7%	5,672.5	5.9%	6,015.3	6.0%	6,734.3	12.0%	1,532.3	1,686.5	10.1%
Gas Stations	4,307.1	-10.6%	4,528.5	5.1%	4,863.8	7.4%	4,556.7	-6.3%	3,957.2	-13.2%	996.4	995.6	-0.1%
Clothing and Accessories	3,843.5	0.9%	3,848.5	0.1%	3,999.7	3.9%	4,413.8	10.4%	3,623.6	-17.9%	788.2	965.0	22.4%
Sporting/Hobby/Books/Music	3,021.7	0.4%	2,879.5	-4.7%	2,960.5	2.8%	3,075.7	3.9%	3,256.0	5.9%	730.9	907.9	24.2%
General Merchandise/Warehouse	13,152.7	0.6%	13,758.0	4.6%	14,387.6	4.6%	14,788.7	2.8%	16,068.0	8.7%	3,560.3	3,967.5	11.4%
Misc Store Retailers	5,767.0	9.7%	6,529.4	13.2%	6,645.2	1.8%	7,214.1	8.6%	7,010.0	-2.8%	1,538.2	1,731.4	12.6%
Non-Store Retailers	2,286.3	31.2%	2,921.3	27.8%	3,279.3	12.3%	5,054.7	54.1%	10,776.8	113.2%	2,117.9	2,818.6	33.1%
Total Retail Trade	**86,288.1**	**3.5%**	**91,117.0**	**5.6%**	**95,355.7**	4.7%	**99,775.5**	4.6%	**108,607.7**	8.9%	**23,762.9**	**27,094.3**	**14.0%**
Transportation/Warehouse	864.8	-7.1%	944.6	9.2%	1,292.4	36.8%	1,096.3	-15.2%	1,222.5	11.5%	271.9	303.8	11.7%
Information	5,238.6	-3.2%	5,382.5	2.7%	4,971.1	-7.6%	5,819.5	17.1%	4,250.2	-27.0%	978.0	1,083.5	10.8%
Finance/Insurance	2,691.8	0.9%	2,107.9	-21.7%	2,469.4	17.2%	2,761.9	11.8%	3,340.1	20.9%	736.6	1,198.8	62.7%
Real Estate/Rental/Lease	4,573.3	4.2%	4,875.5	6.6%	5,423.2	11.2%	5,907.9	8.9%	5,140.4	-13.0%	1,432.0	1,351.8	-5.6%
Professional/Scientific/Technical	6,644.4	-4.1%	6,794.1	2.3%	7,753.2	14.1%	7,859.6	1.4%	8,634.4	9.9%	1,906.9	1,937.2	1.6%
Admin/Support/Waste/Remediation	2,263.2	0.8%	2,357.8	4.2%	2,384.4	1.1%	2,813.2	18.0%	3,237.8	15.1%	705.7	922.1	30.7%
Education	493.9	0.7%	486.3	-1.5%	500.3	2.9%	434.8	-13.1%	349.9	-19.5%	83.0	113.7	37.0%
Health Care/Social Assistance	6,890.5	-0.1%	7,136.0	3.6%	7,044.5	-1.3%	16,093.3	128.5%	16,236.4	0.9%	4,187.4	3,751.5	-10.4%
Arts/Entertainment/Recreation	1,457.8	9.0%	1,564.5	7.3%	1,650.0	5.5%	1,781.7	8.0%	1,342.6	-24.6%	435.6	390.6	-10.3%
Accommodation	4,338.5	7.3%	4,773.3	10.0%	5,147.4	7.8%	5,771.3	12.1%	3,823.6	-33.7%	1,299.9	1,141.7	-12.2%
Food/Drinking Services	12,280.3	5.7%	13,020.4	6.0%	13,798.6	6.0%	14,511.8	5.2%	11,308.6	-22.1%	3,178.8	3,082.9	-3.0%
Other Services	5,730.4	5.3%	6,182.5	7.9%	6,751.4	9.2%	6,924.2	2.6%	6,438.5	-7.0%	1,639.9	1,654.5	0.9%
Government	307.2	12.4%	363.7	18.4%	388.6	6.8%	351.2	-9.6%	380.3	8.3%	85.8	105.8	23.3%
Total All Industries	**184,703.4**	**1.0%**	**194,642.0**	**5.4%**	**206,121.0**	**5.9%**	**224,618.9**	**9.0%**	**228,812.2**	**1.9%**	**53,262.9**	**56,470.5**	**6.0%**

Note: Reporting for 2019 and future years reflect new sourcing that may cause variations in the date reported from previous years.
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
Conventions[1]

	National Parks Visits[2]		Conventions		Delegates		Spending		Skier Visits[3]	
	Number (millions)	% Change	Number	% Change	Number (thousands)	% Change	Amount (millions)	% Change	Number (millions)	% Change
2016	7.46	--	66	--	242.7	--	$543.4	--	13.39	--
2017	7.62	2.1%	84	27.3%	235.6	-2.9%	$518.6	-4.6%	13.12	-2.0%
2018	7.57	-0.7	67	-20.2	269.4	14.4	$560.6	8.1	12.81	-2.4
2019	7.76	2.6	80	19.4	254.1	-5.7	$555.3	-0.9	13.80	7.7
2020	6.03	-22.2	12	-85.0	65.0	-74.4	$131.0	-76.4	11.37	-17.6

1 Count of recreational visitors for 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.

3,4 Count of skier visits for the season ending in the referenced year. 2019-20 skier visits estimated by Development Research Partners.

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**
2016	21,577	556	242	16,599	38,974	22.3%
2017	24,338	344	415	15,576	40,673	4.4
2018	26,134	374	414	15,705	42,627	4.8
2019	24,756	352	370	13,155	38,633	-9.4
2020	26,636	728	397	12,708	40,469	4.8
Year-to-Date Totals Through April:						
2020	8,955	60	169	3,919	13,103	
2021	11,900	252	115	6,212	18,479	
% change	*32.9%*	*320.0%*	*-32.0%*	*58.5%*	*41.0%*	

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
2016	7,666	--	3,128	--
2017	6,680	-12.9%	2,100	-32.9%
2018	5,884	-11.9	1,461	-30.4
2019	5,610	-4.7	1,316	-9.9
2020	2,130	-62.%	628	-52.%

[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, 2020 (the "PERA 2020 Annual Report"). The PERA 2020 Annual Report 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 Notices on the inside cover page of 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. Further, the PERA 2020 Annual Report notes that the duration and full effects of the COVID-19 pandemic are currently unknown, as the global picture continues to evolve, and that although unprecedented federal fiscal and monetary stimulus have helped to stabilize and soften the impact of economic contraction, the near-term negative impact on PERA'S investment portfolio, as well as the short medium term impact on PERA'S membership and demographics, remains uncertain. The State does not take any responsibility for the accuracy, validity or completeness of such information, valuations and assessments. The PERA 2020 Annual Report is not incorporated in this Official Statement by reference or otherwise, and the State does not make any representations regarding the accuracy of the information in the PERA 2020 Annual Report.

The information in the State's Fiscal Year 2019-20 ACFR regarding PERA is derived from the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2020, while the information in this Official Statement regarding PERA is derived from the PERA 2020 Annual Report.

General Description

Overview. The State, 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, other than for Denver County School District No. 1 (commonly known as Denver Public Schools), 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 Denver Public Schools). 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 2020 Annual Report 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 and Notes 6-8 to the financial statements in the State's Fiscal Year 2019-20 ACFR 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 "STATE FINANCIAL INFORMATION—Pension and Other Post-Employment Benefits" in the forepart 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 2019-20 ACFR appended to this Official Statement, the PERA 2020 Annual Report 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 2020 Annual Report 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 Annual Report. See "—Implementation of Changes in Pension Accounting Standards Applicable to the State—GASB 68 and GASB 75" 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

[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.

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 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 2020 Annual Report for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2020 Annual Report 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.

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.

Effective July 1, 2019, the baseline SRC that is required to be made by the State for most State employees was increased from 10.15% to 10.40% of includable compensation (from 12.85% to 13.10% for State Troopers and Colorado Bureau of Investigation ("CBI") agents). Effective July 1, 2020, the baseline SRC that is required to be made by the State for most State employees was increased from 10.40% to 10.90% of includable compensation (from 13.10% to 13.60% for State Troopers and Colorado Bureau of Investigation ("CBI") agents). As required by statute, participants in the State Division Plan are also required to contribute a portion of their wages to the Plan. Per S.B. 18-200 discussed in the next paragraph, the participant contribution rate is to increase incrementally a total of 2% over a period of three years commencing July 1, 2019, which resulted in an increase in the member contribution rate effective July 1, 2020, from 8.75% to 10.00% of includable compensation (from 10.75% to 12.00% of includable compensation for State Troopers and CBI agents). See the PERA 2020 Annual Report for additional information, as well as historical SRC and participant contribution rates.

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 July 1, 2020, 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 20.90% of employee wages (23.60% for State Troopers and CBI agents). In addition, S.B. 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. S.B. 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 2019-20 ACFR appended to this Official Statement, as well as the Management's Discussion and Analysis and Note 4 to the financial statements in the PERA 2020 Annual Report.

S.B. 18-200 further requires the State to make an annual direct distribution to PERA of $225 million (actual dollars) from State funds beginning in Fiscal Year 2018-19 and continuing annually on July 1 until there are no unfunded actuarial accrued liabilities in the trust fund of any Division that receives such distribution. PERA is to allocate the distribution to the State Division Trust Fund, the School Division Trust Fund, the Judicial Division Trust Fund and the Denver Public Schools Division Trust Fund based upon the covered payroll of each such Division. *Per H.B. 20-1379, due to the actual and forecast impact of COVID-19 on the State's revenues in Fiscal Years 2019-20 and 2020-21, this distribution was originally suspended for Fiscal Year 2020-21 only, and thus PERA did not receive a direct distribution from the State until the payment scheduled for July 1, 2021. However, a committee of the General Assembly announced in October 2021 that it intended to introduce legislation in the 2022 session to reinstate the missed distribution.*

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 (i) Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted, and (ii) the PERA Board's funding policies. The ADC for each trust fund is developed annually and reported by management to be used as a benchmark for contributions two years in the future. 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 2020 Annual Report, 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 past ten years (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, 2017, actuarial valuation were used to determine contribution rates reported in the table for the year ended December 31, 2020: (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 27 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%) 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 1.50% 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

[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.

information, see Note 3 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2020 Annual Report.

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
2020	23.69%	$3,089,161	$19,442	$751,264	$646,386	$104,878	20.92%
2019	23.28	2,995,453	17,663	715,004	689,370	25,634	23.01
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

[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 2020 Annual Report.
[3] The ADC contribution equals the sum of (a) the ADC rate times the covered employee payroll, plus (b) the AIR.
Source: PERA 2020 Annual Report

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 2019-20 ACFR 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 S.B. 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 S.B. 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, S.B. 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 distribution to PERA from the State General Fund of $225 million (actual dollars) beginning with Fiscal Year 2018-19, although, per H.B. 20-1379, due to the actual and forecast impact of the COVID-19 pandemic on the State's revenues in Fiscal Years 2019-20 and 2020-21, this distribution was suspended for Fiscal Year 2020-21, as discussed in "—Funding of the State Division Plan—Statutorily Required Contributions" above. However, a committee of the General Assembly announced in October 2021 that it intended to introduce legislation in the 2022 session to reinstate the missed distribution. S.B. 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 S.B. 18-200, see Note 6 to the State's Fiscal Year 2019-20 ACFR appended to this Official Statement and the PERA 2020 Annual Report.

The PERA 2020 Annual Report reports that, at December 31, 2020, the actuarial value of assets of the State Division Plan was approximately $16.039 billion and the AAL of the Plan was approximately $27.116 billion, resulting in a UAAL of approximately $11.077 billion, a funded ratio of 59.1% and an amortization period, both before and after consideration of H.B. 20-1379, of 27 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 2020 Annual Report reports that at December 31, 2020, the UAAL of the Plan was approximately $9.457 billion and the funded ratio was 65.1%.

For further information, see Management's Discussion and Analysis in the State's Fiscal Year 2019-20 ACFR 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 2020 Annual Report.

Table 2 below sets forth for each of the past ten years 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 2020 Annual Report was performed as of December 31, 2020, and the actuarial valuation for accounting and financial reporting purposes in the PERA 2020 Annual Report was performed as of December 31, 2019, and the total pension liability was

[1] This amortization period does not include the full effect of legislation enacted in 2006, 2010 and 2018, which includes plan changes 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. However, utilizing the assumptions specified in the PERA 2020 Annual Report, PERA's independent actuary projects that the goal of funding 100% of the AAL under the PERA revised benefit structure created by S.B. 18-200 is achievable within a projection period of 24 years, and that the State Division Plan is projected to be 100% funded in 22 years. For further information, see the Actuarial Section of the PERA 2020 Annual Report.

rolled forward to the measurement date of December 31, 2020, utilizing generally accepted actuarial techniques.

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 1.25% 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 2020 Annual Report.

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*	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as a Percentage of Employer Payroll
2020	$16,039,287	$27,116,805	$11,077,518	59.1%	$3,089,161	358.6%
2019	14,922,050	25,717,648	10,795,598	58.0	2,995,453	360.4
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

* 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 2020 Annual Report

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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*	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2020	$17,660,157	$27,116,805	$9,456,648	65.1%	$3,089,161	306.1%
2019	15,819,843	25,717,648	9,897,805	61.5	2,995,453	330.4
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

* 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 2020 Annual Report.
Source: PERA Comprehensive Annual Financial Reports for calendar years 2011 through 2020.

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.

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Fiduciary Net Position of the State Division Plan

The Statement of Fiduciary Net Position of the State Division Plan as of December 31, 2020, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2020 Annual Report. The following table sets forth for each of the past ten years 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,								
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Additions:										
Employer contributions	$ 646,386	$ 612,282	$ 583,164	$ 563,977	$ 521,804	$ 484,005	$ 444,372	$ 401,658	$ 335,073	$ 283,222
Nonemployer contributions	-	77,088	78,489	–	–	–	–	–	–	–
Member contributions	298,264	257,803	236,313	228,978	223,005	217,980	211,610	202,799	227,058	258,678
Purchased service	28,522	29,494	25,227	27,442	24,528	26,946	22,446	22,241	16,358	11,277
Net investment income (loss)	2,652,870	2,764,719	(497,562)	2,391,683	947,981	210,337	780,762	1,931,658	1,511,244	232,669
Other	9,390	22	7,888	15,860	8,708	5,023	3,289	4,869	150	331
Total Additions	3,635,432	3,741,408	433,519	3,227,940	1,726,026	944,291	1,462,479	2,563,225	2,089,883	786,177
Deductions:										
Benefit payments	1,675,048	1,637,168	1,608,534	1,554,290	1,483,828	1,417,862	1,352,293	1,295,780	1,231,922	1,174,707
Refunds	57,921	61,832	65,253	58,696	60,137	63,567	61,152	68,735	69,221	70,090
Disability insurance premiums	1,360	1,965	2,093	2,035	2,106	2,088	2,309	2,229	1,570	1,685
Administrative expenses	11,385	11,294	11,903	11,745	11,271	10,779	10,067	9,780	8,568	8,685
Other	2,634	2,707	3,017	3,652	3,040	3,406	3,171	3,593	3,911	(4,546)
Total Deductions	1,748,348	1,714,966	1,690,800	1,630,418	1,560,382	1,497,702	1,428,992	1,380,117	1,315,192	1,250,621
Change in fiduciary net position	1,887,084	2,026,442	(1,257,281)	1,597,522	165,644	(553,411)	33,487	1,183,108	774,691	(464,444)
Fiduciary net position held at beginning of year	15,992,863	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
Fiduciary net position held at end of year	$17,879,947	$15,992,863	$13,966,421	$15,223,702	$13,626,180	$13,460,536	$14,013,947	$13,980,460	$12,797,352	$12,022,661

Source: PERA 2020 Annual Report

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 2014-2020 the net pension liability and related information regarding the State Division Plan. The required supplemental information in the PERA 2020 Annual Report includes a schedule showing the sources of the changes in net pension liability for 2014-2020. 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,					
	2020	2019	2018	2017	2016	2015	2014
Total pension liability[3,4]	$27,364,740	$25,696,667	$25,345,094	$35,241,684	$31,994,311	$23,991,569	$23,420,461
Plan fiduciary net position	17,879,947	15,992,863	13,966,421	15,223,702	13,626,180	13,460,536	14,013,947
Net pension liability	9,484,793	$ 9,703,804	$11,378,673	$20,017,982	$18,368,131	$10,531,033	$ 9,406,514
Net pension liability as a percentage of total pension liability	65.34	62.24%	55.11%	43.20%	42.59%	56.11%	59.84%
Covered employee payroll	$3,089,161	$ 2,995,453	$2,898,827	$2,774,207	$2,710,651	$ 2,641,867	$ 2,564,670
Net pension liability as a percentage of covered employee payroll	307.03%	323.95%	392.53%	721.57%	677.63%	398.62%	366.77%

[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 S.B. 18-200 are not reflected in this table for years 2013-2017.

[3] The total pension liability as of December 31, 2019, was determined by actuarial valuations as of December 31, 2018, and accepted actuarial procedures were applied to roll-forward the total pension liability to December 31, 2019. The actuarial valuations as of December 31, 2018, 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.

Source: PERA 2020 Annual Report

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 2019 Annual Report 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 ACFR. 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 past ten years as set forth in the PERA 2019 Annual Report.

The State reported a net pension liability in the State's Fiscal Year 2019-20 ACFR of approximately $11.285 billion at June 30, 2020, compared to a reported net pension liability in the State's Fiscal Year 2018-19 ACFR of approximately $13.531 billion at June 30, 2019. The amounts presented for each Division were determined as of the calendar year-end that occurred within the Fiscal Year. See also Note 6 to the State's Fiscal Year 2019-20 ACFR 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 found in Note 1 to the State's Fiscal Year 2019-20 ACFR 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 2019-20 ACFR.

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The State's proportionate share of the net pension liability at the end of calendar years 2013-2018 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]
(Dollar Amounts in Thousands)

State Division

	Calendar Year					
	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability	95.49%	95.95%	95.37%	95.49%	95.71%	95.85%
State's proportionate share of net pension liability	$9,265,778	$10,918,046	$19,091,149	$17,539,728	$10,079,252	$9,016,144
State's covered payroll	$3,376,294	$3,262,962	$2,796,014	$2,751,094	$2,687,152	$2,586,800
State's proportionate share of the net pension liability as a percentage of its covered payroll	274.44%	334.61%	682.80%	637.55%	375.09%	348.54%
Plan fiduciary net position as a percentage of the total pension liability	62.24%	55.11%	43.20%	42.59%	56.11%	59.84%

Judicial Division

	2019	2018	2017	2016	2015	2014
State's proportion of the net pension liability	94.28%	94.91%	93.99%	94.17%	93.98%	93.60%
State's proportionate share of net pension liability	$85,727	$134,072	$218,136	$239,423	$172,824	$129,499
State's covered payroll	$55,934	$55,706	$46,764	$46,320	$44,159	$40,114
State's proportionate share of the net pension liability as a percentage of its covered payroll	153.27%	240.68%	466.46%	516.89%	391.37%	322.83%
Plan fiduciary net position as a percentage of the total pension liability	80.02%	68.48%	58.70%	53.19%	60.13%	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 2018-19 ACFR appended to this Official Statement.

Source: State Fiscal Year 2019-20 ACFR

A ten 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 2019-20 ACFR 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 2019-20 ACFR.

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 2018-19 ACFR. 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 2021S Certificates

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 2021S 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 2021S 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 2021S Certificates, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2021S Certificates or (v) any other related matter.

DTC will act as securities depository for the Series 2021S Certificates. The Series 2021S 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 2021S 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 2021S Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021S 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 2021S 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 2021S Certificates except in the event that use of the book-entry system for the Series 2021S Certificates is discontinued.

To facilitate subsequent transfers, all Series 2021S 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 2021S 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 2021S Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021S 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 2021S Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021S Certificates, such as redemptions, defaults and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2021S Certificates may wish to ascertain that the nominee holding the Series 2021S 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 2021S 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 2021S Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2021S 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 2021S 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 2021S 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, Series 2021S Certificate certificates are required to be printed and delivered to the appropriate registered owners of the Series 2021S 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 2021S Certificates. In that event, Series 2021S Certificate certificates will be printed and delivered to DTC.

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