NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: Moody's: "Aa2"**
S&P: "AA-"
(See "RATINGS" herein)

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, the portion of Base Rent paid by the State which is designated and paid as interest on the Series 2020R 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 2020R 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 2020R Certificates. See "TAX MATTERS" herein.

$98,030,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2020R

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

The Series 2020R 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 2020R 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 2020R 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 2020R Certificates and (c) make deposits to funds and accounts held by the Trustee under the Indenture.

The Series 2020R 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 2020R Certificates. Beneficial Ownership Interests in the Series 2020R 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 2020R Certificates by the rules and operating procedures applicable to the DTC book entry system as described herein.

The Series 2020R 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, 2021, 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 2020R 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 2020R Certificates are offered when, as and if delivered, subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel, and certain other conditions. Sherman & Howard L.L.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 2020R 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 2020R Certificates. It is expected that the Series 2020R Certificates will be executed and available for delivery through the facilities of DTC on or about December 9, 2020.

RBC CAPITAL MARKETS LLC

CITIGROUP **KEYBANC CAPITAL MARKETS INC.**

Dated: November 18, 2020

MATURITY SCHEDULE

$98,030,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2020R

Maturing (March 15)	Principal Amount	Interest Rate	Yield	CUSIP No.©
2021	$3,465,000	5.000%	0.190%	19668Q MD4
2022	1,645,000	5.000	0.200	19668Q ME2
2023	1,710,000	5.000	0.250	19668Q MF9
2024	1,785,000	5.000	0.310	19668Q MG7
2025	1,875,000	5.000	0.330	19668Q MH5
2026	1,970,000	5.000	0.450	19668Q MJ1
2027	2,065,000	5.000	0.560	19668Q MK8
2028	2,170,000	5.000	0.670	19668Q ML6
2029	2,265,000	5.000	0.800	19668Q MM4
2030	2,380,000	5.000	0.940	19668Q MN2
2031	2,500,000	5.000	1.070[1]	19668Q MP7
2032	2,625,000	5.000	1.170[1]	19668Q MQ5
2033	2,755,000	5.000	1.280[1]	19668Q MR3
2034	2,890,000	5.000	1.360[1]	19668Q MS1
2035	3,035,000	4.000	1.570[1]	19668Q MT9
2036	2,270,000	4.000	1.610[1]	19668Q MU6
2037	1,620,000	4.000	1.650[1]	19668Q MV4
2038	1,685,000	4.000	1.690[1]	19668Q MW2
2039	1,750,000	4.000	1.730[1]	19668Q MX0
2040	1,820,000	4.000	1.770[1]	19668Q MY8
2041	1,890,000	4.000	1.810[1]	19668Q MZ5
2045	51,860,000	4.000	1.880[1]	19668Q NA9

[1] Priced to the first optional call date of March 15, 2030 at par.

© 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 2020R Certificates and only as of the issuance of the Series 2020R Certificates. None of the State, the Trustee or the underwriters of the Series 2020R 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 2020R Certificates may be changed after the issuance of the Series 2020R Certificates as the result of various subsequent actions, including, without limitation, a refunding of all or a portion of the Series 2020R 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 2020R Certificates.

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 2020R 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 2020R 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 2020R 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 2020R 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 2020R Certificates and may not be reproduced or used in whole or in part for any other purpose.

The Series 2020R 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 2020R Certificates and the terms of the offering, including the merits and risks involved. The Series 2020R 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 2020R 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 2020R CERTIFICATES, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE SERIES 2020R 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 2020 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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TABLE OF CONTENTS

Page

APPENDICES

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OFFICIAL STATEMENT

Relating to

$98,030,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2020R

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 2020R (the "Series 2020R 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 2020R 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 2020R 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. On October 30, 2020, the Colorado Department of Public Health and Environment ("CDPHE") released a new modeling report indicating an increase in hospitalizations and in the estimated number of Coloradans who currently are infectious. The report indicates that if Colorado remains on the current trajectory of its epidemic curve, state epidemiologists predict continued growth in cases and increased demand on hospitals. Further, the report evaluates what might happen with increased social contact beginning the Friday before Thanksgiving and lasting through the end of 2020 and continuing into 2021. As further described under "CERTAIN RISK FACTORS—Potential Impact of COVID-19 (Coronavirus)," the Governor issued an executive order on October 30, 2020, and expiring November 30, 2020, consolidating numerous prior orders which imposed various restrictions upon Colorado residents and businesses. The order recognizes unique local circumstances and uses a five-level dial to visualize a county's success in containing the spread of COVID-19. On November 2, 2020, CDPHE issued a public health order, which sets forth the requirements for the implementation of the Governor's October 30th order.

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 2020 Revenue Forecast forecasted revenues to the State General Fund greater than those forecast in the OSPB May 2020 Revenue Forecast. The combined effect of the State's budget reduction measures and the increased General Fund Revenues forecast in the OSPB September 2020 Revenue Forecast 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 2020R 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 2020R Supplemental Trust Indenture (the "2020R Supplemental Indenture") to be dated as of the date of delivery of the Series 2020R Certificates (the "Closing Date"), in connection with the execution and delivery of the Series 2020R 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 2020R Certificates (each series of which is referred to herein as a "Series" and collectively, with the Series 2020R Certificates, as the "Certificates"). Upon the execution and delivery of the Series 2020R 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 $1,242,810,000. 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 $21,680,000;
- 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 $15,810,000;
- State of Colorado Building Excellent Schools Today Certificates of Participation, Tax Exempt Series 2017J (the "Series 2017J Certificates"), delivered in the original aggregate principal

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[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, 2020, amounts of $64,170,306.20 and $51,019,185.26 have been deposited in the Sinking Fund Accounts for the Series 2009A Certificates and 2010D Certificates, respectively

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 $85,105,000;

- State of Colorado Building Excellent Schools Today Refunding Certificates of Participation, Tax-Exempt Series 2018L (the "Series 2018L Certificates"), delivered in the original aggregate principal amount of $75,290,000 and to be outstanding on the Closing Date in the aggregate principal amount of $70,405,000;

- 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 $86,385,000;

- 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 $233,755,000;

- 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 $161,170,000;

- 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; and

- 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 $74,525,000.

The Leases. The Series 2020R 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 2020R 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 to be 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 to be 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"); and
- Series 2020R Lease Purchase Agreement to be dated as of the Closing (the "2020R 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 2020R Participating K-12 Institutions is entering into a Site Lease with the Trustee dated as of the date of delivery of the Series 2020R Certificates (the " 2020R 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 2020R Certificates) by the respective Series 2020R Participating K-12 Institution and the buildings, structures and improvements now or hereafter located on such land (collectively, the " 2020R 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 2020R Leased Property, with the additional Leased Property which has already or may in the future be leased under the 2020R Lease, the Prior Leases, additional Leases or amendments to the Prior Leases or the 2020R Lease is referred to herein as the "Leased Property." The 2020R Leased Property is being leased by the Trustee to the State, pursuant to the 2020R Lease and the State is subleasing the 2020R Leased Property to the respective Participating K-12 Institutions under certain Subleases each dated as of the date of delivery of the Series 2020R Certificates (the "2020R 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 2020R Lease will secure all holders of Certificates under the Master Indenture, including holders of the Series 2020R 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 2020R Lease or any other Lease in a particular year, the State would relinquish its right to use all of the Leased Property (including the 2020R 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 2020R 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 a 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 2020R 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 2020 (collectively, the "2020 State Approval") as described in "The Series 2020R Projects" under this caption for the Series 2020R Participating K-12 Institutions in accordance with the Act. See "The Program" and "The Series 2020R 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 2020R Lease is being entered into by the State in order to fund certain Projects as further described in "The Series 2020R Projects" under this caption (the "Series 2020R 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 2020R 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 2020R Certificates. See also "SECURITY AND SOURCES OF PAYMENT – The Leased Property."

The Assistance Fund. The Series 2020R Certificates will be payable solely from amounts annually appropriated by the General Assembly to make payments under the Leases, as described in "Security and Sources of Payment" in this section and "SECURITY AND SOURCES OF PAYMENT – Payments by the State." The Act requires that, to the extent appropriated, such payments by the State be made from the Public School Capital Construction Assistance Fund created by the Act (the "Assistance Fund"). The Act provides that the Assistance Fund is to be partially funded from a portion of rental income and royalties derived from State school lands, from moneys paid to the State by Participating K-12 Institutions in amounts approved by the State as a condition to the financial assistance provided to such Participating K-12 Institutions ("Matching Moneys"), a portion of State lottery proceeds, excise tax revenues from marijuana sales and, if the amount in the Assistance Fund is insufficient to pay the full amount due to be made under the Leases, any moneys that the General Assembly transfers from any other legally available sources, including the State General Fund. The obligation of a Participating K-12 Institution to pay Matching Moneys to the State, if applicable, may be satisfied by (a) cash, (b) a bond issued by a Participating K-12 Institution or its chartering entity and delivered to the State (a "Matching Moneys Bond"), or (c) installment payments made by 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, 2019, AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020" "APPENDIX E – THE STATE GENERAL FUND," "APPENDIX F – OSPB SEPTEMBER 2020 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 2020R Certificates

Proceeds from the sale of the Series 2020R Certificates will be used to finance the costs of the Series 2020R Projects for the Series 2020R Participating K-12 Institutions, as more fully described in "Series 2020R Participating K-12 Institutions" under this caption and "PLAN OF FINANCING – The Series 2020R Projects and Series 2020R Participating K-12 Institutions." Proceeds of the Series 2020R 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 2020R Certificates. See "PLAN OF FINANCING – Sources and Uses of Funds" for a description of the estimated uses of proceeds of the Series 2020R Certificates.

Series 2020R Participating K-12 Institutions

Proceeds of the Series 2020R Certificates are expected to be used to fund the Series 2020R Projects for the benefit of the following entities in Colorado (collectively, the "Series 2020R Participating K-12 Institutions"): (1) Johnstown-Milliken RE-5J; (2) Pueblo School District No. 60 (two projects); and (3) School District No. RE-4, formerly known as School District No. 4, d/b/a Springfield School District No. RE-4 ("Springfield School District RE-4"). See "PLAN OF FINANCING – The Series 2020R Projects and Series 2020R Participating K-12 Institutions."

Series 2020R Projects

The Series 2020R Projects involve various capital projects for the Series 2020R Participating K-12 Institutions approved in the 2020 State Approval, at certain funding levels. In accordance with the terms of the 2020R Subleases between the State and the Series 2020R Participating K-12 Institutions, each of the Series 2020R Participating K-12 Institutions agrees to construct the respective projects, and in accordance with the 2020R Lease, the State has agreed to cause the projects of the Series 2020R Participating K-12 Institutions that will execute and deliver 2020R Subleases to be constructed by causing such Series 2020R Participating K-12 Institution to comply with its related 2020R Sublease, but no failure of the related Series 2020R Participating K-12 Institution to comply with the relevant provisions of its 2020R Sublease will relieve the State of its obligation to cause the facilities to be constructed. See "PLAN OF FINANCING – The Series 2020R Projects and Series 2020R Participating K-12 Institutions" for further information about the Series 2020R Projects. Projects other than the Series 2020R 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 2020R 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 2020R Lease, the Prior Leases and the additional Lease or an amendment to the 2020R 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 2020R 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 2020R Certificates – Additional Series of Certificates" under "SECURITY AND SOURCES OF PAYMENT" and "PLAN OF FINANCING – The Program."

Terms of the Series 2020R Certificates

General Provisions. The Series 2020R 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 2020R CERTIFICATES – Redemption Prior to Maturity."

The Series 2020R 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, 2021.

Book-Entry Only Registration. The Series 2020R 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 2020R Certificates. Ownership interests in the Series 2020R 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 2020R Certificates and various other matters by the rules and operating procedures applicable to the DTC book entry system as described in "THE SERIES 2020R CERTIFICATES – DTC Book-Entry System" and "APPENDIX K – DTC BOOK-ENTRY SYSTEM." References herein to the registered owners of the Series 2020R 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 2020R Certificates will be made by the Trustee, as paying agent for the Series 2020R Certificates, to Cede & Co., as the Owner of the Series 2020R 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 2020R Certificates, see "THE SERIES 2020R CERTIFICATES" and the forms of the Master Indenture and the 2020R Supplemental Indenture appended to this Official Statement.

Security and Sources of Payment

The Series 2020R 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 2020R Certificates, are payable solely from annually appropriated Base Rent (generally an amount equal to the principal of and interest due on the outstanding Certificates) received by the Trustee pursuant to the Leases, other Lease Revenues received by the Trustee pursuant to the Leases and other moneys in the Trust Estate in accordance with the terms of the Indenture. See generally "SECURITY AND SOURCES OF PAYMENT." The Leases provide that the obligation of the State to pay Base Rent and Additional Rent during the Lease Term is, subject only to the other terms of the Leases, absolute and unconditional and is not to be abated or offset for any reason related to the Leased Property; and that notwithstanding any dispute between the State and the Trustee or between the State or the Trustee and any other Person relating to the Leased Property, the State is to pay all Rent when due during the Lease Term. The State is not to withhold any Rent payable during the Lease Term pending final resolution of such dispute and may not assert any right of set-off or counter-claim against its obligation to pay Rent; provided, however, that the payment of any Rent will not constitute a waiver by the State of any rights, claims or defenses which the State may assert. No action or inaction on the part of the Trustee will affect the State's obligation to pay Rent during the Lease Term.

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

Upon the occurrence of an Event of Nonappropriation, the Trustee may exercise any of the remedies described in the Leases, including the sale or lease of the Trustee's interest in the Leased Property, subject to the purchase option of the Participating K-12 Institutions (and, in the case of charter schools, the chartering entity) under the respective Subleases. Each such Participating K-12 Institution (and, in the case of charter schools, the chartering entity) has the right under its respective Sublease to purchase all of the Leased Property subject to such Sublease following the occurrence of an Event of Default or Event of Nonappropriation under the related Lease by paying an amount equal to the principal amount of the Attributable Certificates (as defined in in Section 9.01 of the form of the 2020R 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 2020R 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 2020R 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 2020R Certificates and the Prior Certificates, and which will be secured by the Trust Estate on parity with the Series 2020R Certificates and the Prior Certificates, without notice to or approval of the Owners of the Outstanding Series 2020R 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 2020R 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 2020R 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 2020R Certificates to an extent that cannot be determined at this time. Each prospective investor should read the Official Statement in its entirety to make an informed investment decision, giving particular attention to the section entitled "CERTAIN RISK FACTORS."

Legal Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the execution and delivery of the Series 2020R 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 Sherman & Howard, L.L.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 2020R Certificates.

Tax Matters

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, the portion of Base Rent paid by the State which is designated and paid as interest on the Series 2020R 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 2020R 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 2020R Certificates. See "TAX MATTERS" herein.

Availability of Continuing Information

Upon delivery of the Series 2020R Certificates, the State will execute a Continuing Disclosure Undertaking in which it will agree, for the benefit of the owners of the Series 2020R 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 2020 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 2020R Participating K-12 Institutions and the purchasers or holders of any of the Series 2020R Certificates.

PLAN OF FINANCING

The Program

The Series 2020R 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 2020-21 and thereafter. If the maximum total amount of annual lease payments of principal or interest payable by the State during any Fiscal Year under the Leases is greater than one-half of the Maximum Annual Lease Payments for the applicable Fiscal Year, the aggregate amount of Matching Moneys expected to be credited to the Assistance Fund pursuant to the Act and any interest or income derived from the deposit and investment of the Matching Moneys must be at least equal to the annual amount of lease payments of principal and interest payable by the State during any Fiscal Year under the Leases that exceeds one-half of the Maximum Annual Lease Payments applicable to such Fiscal Year. See "APPENDIX G – PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND – Matching Moneys." For example, if the total amount of annual lease payments payable by the State in Fiscal Year 2020-21 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 2020-21.

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 2020-21 and thereafter. For this purpose, the impact of sequestration on Federal Direct Payments in Fiscal Year 2020-21 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 2020R 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 2020R Certificates.

Certificates to be Outstanding upon the Execution and Delivery of the Series 2020R Certificates

Series	Principal Amount Outstanding
Prior Certificates	
Series 2009A Certificates[1]	$ 87,145,000
Series 2010D Certificates[1]	95,690,000
Series 2012H Certificates	21,680,000
Series 2013I Certificates	15,810,000
Series 2017J Certificates	156,305,000
Series 2017K Certificates	85,105,000
Series 2018L Certificates	70,405,000
Series 2018M Certificates	86,385,000
Series 2018N Certificates	233,755,000
Series 2019O Certificates	161,170,000
Series 2019P Certificates	154,835,000
Series 2019Q Certificates	74,525,000
Series 2020R Certificates	98,030,000
Total Certificates	$1,340,840,000

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, 2020, amounts of $64,170,306.20 and $51,019,185.26 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 2020R 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 2020R Certificates are set forth below:

Sources of Funds:	
Par amount of the Series 2020R Certificates	$ 98,030,000
Original issue premium	19,932,334
Matching Money Cash Contribution	1,841,466
	$119,803,800
Uses of Funds:	
Deposit to the Series 2020R Project Account of Capital Construction Fund	118,823,259
Costs of issuance, including Underwriters' discount[1]	980,541
	$119,803,800

[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."

The Series 2020R Projects and Series 2020R Participating K-12 Institutions

The following table describes the Series 2020R Participating K-12 Institutions and Series 2020R Projects expected to be funded with proceeds of the Series 2020R Certificates, moneys in the Assistance Fund in an amount equal to Matching Moneys to be deposited therein when received from such Series 2020R Participating K-12 Institution and total cost of the related Series 2020R Project.

Series 2020R Projects and Series 2020R Participating K-12 Institutions

Series 2020R Participating K-12 Institution	Series 2020R Project Description	Matching Moneys[1]	Total Project Cost
Johnstown-Milliken RE-5J	New Elementary School Replacement 80,000 SF w/ 40 classrooms	$24,553,305	$34,101,813
Pueblo School District No. 60	New Elementary School 56,000 SF w/ 24 classrooms	6,277,513	22,419,688
Pueblo School District No. 60	New Elementary School 56,000 SF w/ 24 classrooms	6,203,953	22,156,976
Springfield School District No. RE-4	Renovation of High School with addition of PK-8 New 80,683 SF w/32 classrooms	5,990,000	40,144,782
Total		$43,024,771	$118,823,259

[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 2020R Participating K-12 Institution and are to be deposited into the Assistance Fund when received. See the form of 2020R 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 2020R 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 2020R 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 2020R Subleases, the Series 2020R Participating K-12 Institutions will agree to construct and use the respective Series 2020R Projects in a manner which satisfies the restrictions of the Tax Code and the Act. In accordance with the terms of the 2020R Subleases between the State and the Series 2020R Participating K-12 Institutions, each of the Series 2020R Participating K-12 Institutions agrees to construct the respective facilities. In accordance with the 2020R Lease, the State has agreed to cause such Projects to be constructed by causing a Series 2020R Participating K-12 Institution to comply with its related 2020R Sublease, but no failure of the related Series 2020R Participating K-12 Institution to comply with the relevant provisions of its 2020R 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 2020R Subleases and Matching Moneys" and "CERTAIN RISK FACTORS – Actions under the 2020R Subleases."

THE SERIES 2020R CERTIFICATES

The following is a summary of certain provisions of the Series 2020R Certificates during such time as the Series 2020R Certificates are subject to the DTC book-entry system. Reference is hereby made to the Master Indenture and the 2020R Supplemental Indenture, the forms of which are appended to this

Official Statement, for the detailed provisions pertaining to the Series 2020R Certificates, including provisions applicable in the event of the discontinuance of participation in the DTC book-entry system.

Generally

The Series 2020R 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 2020R 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 2020R 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 2020R Certificates and will be payable semiannually on each March 15 and September 15, commencing March 15, 2021.

DTC Book-Entry System

The Series 2020R 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 2020R Certificates. Beneficial Ownership Interests in the Series 2020R 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 2020R Certificates will be payable by the Trustee, as paying agent for the Series 2020R Certificates, to Cede & Co., as the Owner of the Series 2020R 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 2020R 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 2020R Certificates, (4) any consent given or other action taken by DTC or its nominee as the Owner of the Series 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R Certificates. The Series 2020R 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, 2030, at a redemption price equal to the principal amount of the Series 2020R Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.

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 2020R Certificates called for redemption. The Trustee is required to pay to the Owners of Series 2020R Certificates so redeemed (initially Cede & Co.) the amounts due on the Series 2020R Certificates at the Operation Center of the Trustee upon presentation and surrender of the Series 2020R Certificates.

BASE RENT AND SERIES 2020R CERTIFICATES PAYMENT SCHEDULE

The following table sets forth the State's Base Rent obligations in connection with the 2020R Lease (which also constitutes the payment schedule for the Series 2020R 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 2020R 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 2020R Certificates: Principal Component[1]	Base Rent Series 2020R Certificates: Interest Component[1]	Prior Certificates Total Base Rent	Less Anticipated Federal Direct Payments[2]	Total Net Base Rent for All Certificates
2021	$3,465,000	$1,131,253	$87,714,488	$(4,867,559)	$87,443,182
2022	1,645,000	4,068,950	87,650,851	(4,872,726)	88,492,075
2023	1,710,000	3,986,700	87,631,704	(4,872,726)	88,455,678
2024	1,785,000	3,901,200	87,625,758	(4,872,726)	88,439,232
2025	1,875,000	3,811,950	87,610,822	(4,872,726)	88,425,046
2026	1,970,000	3,718,200	87,597,475	(4,872,726)	88,412,949
2027	2,065,000	3,619,700	87,575,465	(4,872,726)	88,387,439
2028	2,170,000	3,516,450	87,563,847	(4,872,726)	88,377,571
2029	2,265,000	3,407,950	82,689,367	--	88,362,317
2030	2,380,000	3,294,700	82,671,500	--	88,346,200
2031	2,500,000	3,175,700	79,783,870	--	85,459,570
2032	2,625,000	3,050,700	75,235,570	--	80,911,270
2033	2,755,000	2,919,450	72,962,291	--	78,636,741
2034	2,890,000	2,781,700	68,616,555	--	74,288,255
2035	3,035,000	2,637,200	66,347,095	--	72,019,295
2036	2,270,000	2,515,800	67,228,049	--	72,013,849
2037	1,620,000	2,425,000	67,955,988	--	72,000,988
2038	1,685,000	2,360,200	67,947,488	--	71,992,688
2039	1,750,000	2,292,800	63,897,675	--	67,940,475
2040	1,820,000	2,222,800	56,997,050	--	61,039,850
2041	1,890,000	2,150,000	52,464,663	--	56,504,663
2042	--	2,074,400	52,462,613	--	54,537,013
2043	--	2,074,400	52,463,000		54,537,400
2044	--	2,074,400	52,462,800		54,537,200
2045	51,860,000	2,074,400	--	--	53,934,400
	$98,030,0000	$71,286,003	$1,763,155,980	$(38,976,642)	$1,893,495,341

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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.

[Footnotes continued on following page]

[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 5.9% for the September 2020 payment and 5.7% for all subsequent payments. See "SECURITY AND SOURCES OF PAYMENT – Payments by the State – Federal Direct Payments" and "CERTAIN RISK FACTORS – Federal Direct Payments" for a discussion of Federal Direct Payments and the potential effect of sequestration. 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 2020R 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 2020R 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 2020R Lease, 2020R Site Leases, the 2020R Subleases, the Master Indenture and the 2020R 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 2020R 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 2020R 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 2020R Site Lease, the 2020R Lease, the 2020R Sublease, the Master Indenture and the 2020R 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 2020R Site Lease, the 2020R Lease, the 2020R Sublease, the Master Indenture and the 2020R 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 2020R 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 2020R 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 2020R 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 2020R Certificates, the State is required to certify and is expected to certify to the Trustee that the Fair Market Value of the 2020R Leased Property is at least equal to 90% of the principal amount of the Series 2020R Certificates. See "SECURITY AND SOURCES OF PAYMENT – Additional Series of Certificates." The following table describes the 2020R Leased Property subject to 2020R Site Leases between the Trustee and the respective 2020R Participating K-12 Institutions as indicated on the table:

2020R Leased Property

Participating K-12 Institutions	Description of Leased Property[1]	Land	Fair Market Value[2,3]
Johnstown-Milliken RE-5J	New Elementary School 80,000 SF w/40 classrooms	10.002 acres	$33,300,413
Pueblo School District No. 60	New Elementary School 56,000 SF w/24 classrooms	7.641 acres	22,426,688
Pueblo School District No. 60	New Elementary School 56,000 SF w/ 24 classrooms	7.046 acres	22,168,976
Springfield School District No. RE-4	High School and New Elementary School 80,683 SF	21.63 acres	46,098,236
Total			$123,994,313

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[1] The 2020R 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 2020R Leased Property is comprised of existing facilities which will not be wholly or partially financed with the proceeds of the Series 2020R Certificates.

[2] As defined in the Glossary included in the form of 2020R 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 2020R 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 2020R Subleases and Matching Moneys

In connection with the execution and delivery of the Series 2020R Certificates, the State and each of the Series 2020R Participating K-12 Institutions is entering into a 2020R Sublease pursuant to which each of such Series 2020R Participating K-12 Institutions, as Sublessee, will agree, in exchange for use of a portion of the 2020R Leased Property, to pay (subject to their right not to appropriate) all Additional Rent due under the 2020R Lease with respect to such portion of the 2020R Leased Property and the Series 2020R Certificates. The respective Series 2020R Participating K-12 Institution's obligations to pay such amounts under the 2020R Sublease are subject to annual appropriation by such Series 2020R Participating K-12 Institution. Pursuant to the 2020R Subleases, each of the Series 2020R Participating K-12 Institutions has agreed to maintain the respective 2020R Leased Property and to provide all insurance for such 2020R Leased Property as required by the 2020R Lease.

Certain Series 2020R 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 2020R 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 2020R Participating K-12 Institution, but Matching Moneys installment payments are subject to such annual appropriation.

The obligations and rights of a Series 2020R Participating K-12 Institution and the State with respect to the Series 2020R Participating K-12 Institution's Matching Moneys Bonds or installment payments are independent of the obligations of the Series 2020R Participating K-12 Institution, as Sublessee, and the rights of the State under the 2020R Subleases and, except as otherwise specifically provided in the related 2020R Sublease, (a) the obligations of the Series 2020R Participating K-12 Institution or its chartering entity and the rights of the State with respect to the Series 2020R Participating K-12 Institution's obligations under the Matching Moneys Bonds or installment payments will survive the termination of the 2020R Subleases, and (b) no failure to perform or other action of the State with respect to the 2020R Subleases will affect the State's rights to enforce the obligations of the Series 2020R 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 2020R 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 2020R 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 2020R Site Lease, the 2020R Lease, the 2020R Sublease, the Master Indenture and the 2020R 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 2020R 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 2020R Lease and the 2020R 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 2020R 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 were reduced by 6.2% for federal fiscal year 2019 (which ended September 30, 2019) as a result of sequestration. The originally scheduled Federal Direct Payments were reduced by 5.9% in federal fiscal year 2020 (which ended September 30, 2020) and are reduced by 5.7% in federal fiscal year 2021. 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R Lease captioned "Events of Default" and "– Remedies on Default" in the form of such document appended to this Official Statement and "THE SERIES 2020R 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 2020R 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 2020R 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 2020R Certificates by the State or the Trustee.

Payment of the principal of and interest on the Series 2020R 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 2020R 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 2020R Certificates except from funds otherwise available to the Trustee under the Indenture. See also "SECURITY AND SOURCES OF PAYMENT."

Effects on the Series 2020R 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 2020R Lease under certain circumstances as provided in the 2020R Lease upon the treatment for federal or State income tax purposes of any moneys received by the Owners of the Series 2020R Certificates subsequent to such termination. See "TAX MATTERS." If the 2020R 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 2020R Certificates will be transferable without registration or a transactional exemption from registration under the federal securities laws following the termination of the 2020R 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 2020R Certificates at a price equal to the principal amount thereof outstanding. See "THE SERIES 2020R 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 2020R 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 2020R 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 2020R Certificate proceeds by private persons or businesses, within the meaning of applicable tax law, could adversely affect the federal tax treatment of Series 2020R 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 20, 2020 (the "OSPB September 2020 Revenue Forecast") and is included in this Official Statement. See "STATE FINANCIAL INFORMATION" and "APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST." The next OSPB revenue forecast will be released in December 2020. General Fund revenue projections in the new forecast may be materially different from the OSPB September 2020 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, and expiring November 30, 2020 (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) (currently expires November 11, 2020) is currently in place, pursuant to which masks must be worn statewide when indoors, with certain exceptions.

In order to move to a less restrictive level, a county needs to meet and sustain all three metrics: new cases, percent positivity, and stable or declining hospitalizations for a two-week rolling period. The process of moving to a more restrictive level begins with a consultation with CDPHE if a county is out of compliance with any of the three metrics for a two-week period. The two-week period is a grace period. If compliance is restored in that timeframe, no further action is taken by CDPHE.

If compliance is not restored, then a consultation between the county and the State must take place to determine next steps. At this consultation, detailed metrics including the aforementioned three, but also many others like the epidemiological trends, impacted populations, and local factors will be discussed and considered in partnership between state and local officials. At the end of the consultation, CDPHE assesses whether local trends are improving, the risk to the community, and the strength of local mitigation efforts. After considering all of these factors, CDPHE will either: (1) Provide an extension for another 2-week period to remain in the same dial level while continuing existing local mitigation strategies, (2) Provide an extension, on the condition that additional, specifically defined local mitigation strategies are put in place, or (3) Require the county to transition to a more restrictive level.

A recent executive order by the Governor limits the hours that alcohol can be served at restaurants, subject to local governments applying for less stringent restrictions. The State reserves the right to revoke any looser restrictions granted. On October 30, 2020, the CDPHE released a new modeling report indicating an increase in hospitalizations and in the estimated number of Coloradans who currently are infectious. The report indicates that if Colorado remains on the current trajectory of its epidemic curve, state epidemiologists predict continued growth in cases and increased demand on hospitals. Further, the report evaluates what might happen with increased social contact beginning the Friday before Thanksgiving and lasting through the new year. With this assumption, the report indicates an increase in cases during and after the holidays as projected could be substantial if infections are not controlled in October and November of this year. At the higher projections, the state could be at risk for exceeding its ICU capacity as early as December unless Coloradans continue to take and maintain prevention measures.

Since March 2020, unemployment claims have risen significantly. According to the U.S. Bureau of Labor Statistics, as of July 2020, over 228,000 people in the State were unemployed (preliminary; not seasonally adjusted), resulting in an unemployment rate of 7.4% (preliminary; not seasonally adjusted) as compared to March 2020, where, according to the U.S. Bureau of Labor Statistics, approximately 164,000 people in the State were unemployed (preliminary; not seasonally adjusted), resulting in an unemployment rate of 5.2% (preliminary; not seasonally adjusted). 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 2020 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 2.4% in the fiscal year ended June 30, 2020 (as compared to General Fund Revenues for the Fiscal Year ended June 30, 2019), to decrease by 4.7% in the Fiscal Year ending June 30, 2021 (as compared to General Fund Revenues forecasted for the Fiscal Year ended June 30, 2020), and to increase by 4.7% in the fiscal year ending June 30, 2022 (as compared to General Fund Revenues forecasted for the fiscal year ending June 30, 2021). The OSPB September 2020 Revenue Forecast has 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 has forecasted revenues to the State General Fund greater than those forecast in the OSPB May 2020 Revenue Forecast. 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 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. See Appendix E – "THE STATE GENERAL FUND." Investors are encouraged to review both Appendix E and Appendix F in their entirety.

In addition to lost State revenues, the State is incurring 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 must be used in compliance with federal Treasury guidance and frequently asked questions, and must be 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 2020R 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 2020R 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. The State does not believe that any material security breaches to its digital systems have occurred over the past 12-18 months, although employee computers at the Colorado Department of Transportation were the subject of a ransomware attack in February 2018. Nevertheless, no assurance can be given that the State's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the State.

Secondary Market

While the Underwriters expect, insofar as possible, to maintain a secondary market in the Series 2020R 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 2020R Certificates should therefore be prepared, if necessary, to hold their Series 2020R 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, 2019" AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 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, 2019," AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 "APPENDIX E – THE STATE GENERAL FUND," "APPENDIX F – OSPB SEPTEMBER 2020 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 2020-21 and 2021-22 have been estimated in the OSPB September 2020 Revenue Forecast to be $424.2 million and $444.1 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. For subsequent Fiscal Years, the ESRC is to be calculated as provided above utilizing the ESRC for Fiscal Year 2017-18 as the base amount.

SB 17-267 also (i) 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. The OSPB September 2020 Revenue Forecast states that TABOR revenues are not forecasted to exceed the ESRC in Fiscal Years 2020-21 and 2021-22.

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 2020 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]
2014-15	6.50%
2015-16	5.60
2016-17	6.00
2017-18	6.50
2018-19 and thereafter[3]	7.25[3]

———————————

[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.

See also generally "APPENDIX E – THE STATE GENERAL FUND – General Fund Overview – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX F – OSPB SEPTEMBER 2020 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 "CAFR," in accordance with generally accepted accounting principles ("GAAP") applicable to governmental entities, with certain statutory exceptions for budget compliance and reporting. The State's CAFR for Fiscal Year 2018-19 CAFR (the "Fiscal Year 2018-19 CAFR") 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 2018-19 CAFR and State Fiscal Year 2019-20 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, 2021. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State's Fiscal Year 2018-19 CAFR, including the State Auditor's Opinion thereon, and the State's unaudited Fiscal Year 2019-20 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 2018-19 CAFR, nor has the State Auditor performed any procedures relating to this Official Statement or the Fiscal Year 2019-20 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 2018-19 CAFR and the State's Fiscal Year 2019-20 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 CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. See "APPENDIX E – THE STATE GENERAL FUND" for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

Generally. The State Constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. Accordingly, the State currently has, and upon execution and delivery of the Series 2020R 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 2018-19 CAFR appended to this for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2019, as well as the aggregate minimum lease payments due under such lease-purchase entered into by the State for Fiscal Years 2018-19 and thereafter, and also Note 21 to the Fiscal Year 2018-19 CAFR for a discussion of lease-purchase agreements entered into by the State June 30, 2019, but before publication of the Fiscal Year 2018-19 CAFR. Additionally, on June 2, 2020, the State issued its Rural Colorado Certificates of Participation Series 2020A in the aggregate principal amount of $500,000,000, which 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. Furthermore, on October 14, 2020, the State issued its National Western Center Certificates of Participation Series 2020A (Tax-Exempt) in the aggregate principal amount of $68,950,000 and its National Western Center Certificates of Participation Series 2020B (Taxable) in the aggregate principal amount of $44,105,000 which are paid and secured by certain payments made by the State pursuant to a lease purchase agreement. The State currently expects to issue certain additional certificates of participation in December 2020 to fund certain capital improvements for state institutions of higher education.

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 2018-19 CAFR appended to this Official Statement for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2019 as well as the aggregate minimum payment obligations under such agreements in Fiscal Year 2018-19 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 2018-19 CAFR appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2019, and of those issued after June 30, 2019, but before publication of the Fiscal Year 2018-19 CAFR. 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 2018-19 CAFR appended to this Official Statement.

See also the Statistical Section of the State's Fiscal Year 2018-19 CAFR 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 August 4, 2020, the State issued $410 million in aggregate principal amount of its Education Loan Program Tax and Revenue Anticipation Notes, Series 2020A in order to meet cash flow shortages experienced by local school districts in the State. On August 6, 2020, the State issued $600 million in aggregate principal amount of its General Fund Tax and Revenue Anticipation Notes, Series 2020, in order to fund anticipated cash flow shortfalls in the General Fund in Fiscal Year 2020-21.

See also the Statistical Section of the State's Fiscal Year 2018-19 CAFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State Authorities

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

Pension and 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 2018-19 CAFR and Fiscal Year 2019-20 BFS appended to this Official Statement, as well as PERA's Comprehensive Annual Financial Report for calendar year 2018 (the "PERA 2018 CAFR"). The information in the State's Fiscal Year 2018-19 CAFR regarding PERA is derived from the PERA 2018 CAFR.

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

The PERA 2019 CAFR reports that at December 31, 2019, the actuarial value of assets of the State Division Plan was approximately $14.922 billion and the actuarial accrued liability, or "AAL," of the Plan was approximately $25.718 billion, resulting in an unfunded actuarial accrued liability, or "UAAL,'' approximately $10.796 billion, a funded ratio of 58.0 % and an amortization period of 35 years, all as further described in **Appendix E** – "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, 2019, the Plan had an unfunded accrued liability of approximately $9.898 billion and a funded ratio of 61.5%.

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, 2019, taking into account the changes made by SB 18-200, the Health Care Trust Fund had an unfunded actuarial accrued liability of approximately $1.099 billion, a funded ratio of 24.1% 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 2019 CAFR for additional information regarding the Health Care Trust Fund.

Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68"), which is related to GASB 67 but is applicable to the State, is effective for fiscal years beginning after June 15, 2014, and accordingly was first implemented in the State's Comprehensive Annual Financial Report for Fiscal Year 2014-15 (the "Fiscal Year 2014-15 CAFR"). GASB 68 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 2018-19 CAFR of approximately $13.531 billion at June 30, 2019, compared to a reported net pension liability in the State's Fiscal Year 2017-18 CAFR of approximately $19.382 billion at June 30, 2018. These amounts were determined as of the calendar year-end that occurred within the Fiscal Year. Schedules presenting the State's proportionate share of the net pension liability for its retirement plan as of December 31, 2013-2018, and a ten year history of the State's contribution to PERA for the State and Judicial Divisions, are set forth in Note RSI-2 to the Required Supplementary Information in the State's Fiscal Year 2018-19 CAFR. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis in the State's Fiscal Year 2018-19 CAFR and Notes 1, 6, 7 and to the Financial Statements in the State's Fiscal Year 2018-19 CAFR, 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 CAFR. GASB 75 requires, for purposes of governmental financial reporting, that the State recognize a liability for its proportionate share of the net Other Post-Employment Benefits (OPEB) liability (of all employers for benefits provided through the OPEB plan), *i.e.*, the collective net OPEB liability. The State 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 2018-19 CAFR appended to this Official Statement under the caption "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions." No assurances can be given that the assumptions underlying the State's current or future plans to address its pension liabilities will be realized or that actual events will not cause material changes to the pension data presented in this Official Statement and the State's Fiscal Year 2018-19 CAFR and the State's Fiscal Year 2019-20 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 2020R 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 2020R Certificates or questioning or affecting the validity of the Series 2020R 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 2018-19 CAFR and the State's Fiscal Year 2019-20 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 2020R Certificates are subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel, which will be delivered with the Series 2020R Certificates, a form of which is attached hereto as "APPENDIX D – FORM OF OPINION OF BOND COUNSEL." Sherman & Howard L.L.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 2020R Certificates. Payment of legal fees to Bond Counsel and Special Counsel are contingent upon the sale and delivery of the Series 2020R Certificates.

TAX MATTERS

In General

In the opinion of Kutak Rock LLP, Bond Counsel, to be delivered at the time of original issuance of the Series 2020R Certificates, under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2020R Certificates is excludable from gross income for federal income tax purposes and is not a specific item of tax preference for purposes of the federal alternative minimum tax.

The State and the Series 2020R Participating K-12 Institutions have made certain representations and covenanted to comply with requirements that must be satisfied in order for the interest on the Series 2020R Certificates to be excludable from gross income for federal income tax purposes. The opinions set forth above are subject to the accuracy of such representations and continuing compliance by the State and the Series 2020R Participating K-12 Institutions and others with such covenants. Failure to comply with such requirements could cause interest on the Series 2020R Certificates to be included in gross income retroactive to the date of issue of such Series 2020R Certificates.

The accrual or receipt of interest on the Series 2020R Certificates may otherwise affect the federal income tax liability of the owners of the Series 2020R Certificates. The extent of these other tax consequences will depend upon such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2020R Certificates, particularly purchasers that are corporations (including S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Tax Code for coverage under a qualified health plan, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2020R Certificates.

Bond Counsel has expressed no opinion regarding the effect of any termination of the State's obligation under the Leases, under certain circumstances as provided in the Leases, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2020R Certificates, or any other federal tax consequences related to the ownership or disposition of the Series 2020R Certificates.

Original Issue Premium

The Series 2020R Certificates that have an original yield below their respective interest rates, as shown on the inside cover of this Official Statement (collectively, the "Premium Certificates"), are being sold at a premium. An amount equal to the excess of the issue price of a Premium Certificate over its stated redemption price at maturity constitutes premium on such Premium Certificate. A purchaser of a Premium Certificate must amortize any premium over such Premium Certificate's term using constant yield principles, based on the purchaser's yield to maturity (or, in the case of Premium Certificates callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser's yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser's basis in such Premium Certificate is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Certificate prior to its maturity. Even though the purchaser's basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Certificates should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Certificate.

Recognition of Income Generally

Section 451 of the Tax Code was amended by Pub. L. No. 115-97, enacted December 22, 2017 (sometimes referred to as the Tax Cuts and Jobs Act), to provide that taxpayers using an accrual method of accounting for federal income tax purposes generally will be required to include certain amounts in income, including original issue discount, no later than the time such amounts are reflected on certain financial statements of such taxpayer. The application of this rule may require the accrual of income earlier than would have been the case prior to the amendment of Section 451 of the Code. Investors should consult their own tax advisors regarding the application of this rule and its impact on the timing of the recognition of income related to the Series 2020R Certificates under the Tax Code.

Backup Withholding

As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Series 2020R Certificates is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of a Series 2020R Certificate who fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2020R Certificates from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Exemption Under State Tax Law

In the opinion of Bond Counsel, under existing State of Colorado statutes, the interest received by the Owners of the Series 2020R Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. Bond Counsel has expressed no opinion regarding the effect of any termination of the State's obligation under the Leases on interest received or income of the Owners of the Series 2020R Certificates subsequent to such termination, or other tax consequences related to the ownership or disposition of the Series 2020R Certificates under the laws of the State of Colorado or any other state or jurisdiction.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this caption or adversely affect the market value of the Series 2020R Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2020R Certificates. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2020R Certificates or the market value thereof would be impacted thereby. Purchasers of the Series 2020R Certificates should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2020R Certificates and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

UNDERWRITING

The Series 2020R Certificates are to be purchased by the Underwriters listed on the front cover page of this Official Statement at a price equal to $117,638,335.29 (representing the aggregate principal amount of the Series 2020R Certificates of $98,030,000.00 plus original issue premium of $19,932,333.65 and less an aggregate underwriting discount of $323,998.36). The Underwriters have agreed to accept delivery of and pay for all the Series 2020R 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 2020R Certificates, the approval of certain legal matters by counsel and certain other conditions. The Underwriters may offer and sell the Series 2020R Certificates to certain dealers (including dealers depositing such Series 2020R 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.

Citigroup Global Markets Inc., an underwriter of the Series 2020R 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.

RATINGS

Moody's Investors Service has assigned the Series 2020R Certificates a rating of "Aa2", and Standard & Poor's Ratings Services has assigned the Series 2020R 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 2020R Certificates and the 2020R 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. 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 2020R 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 2020R Certificates and with respect to the authorization, execution and delivery of the Series 2020R 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 2020R 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 2020R 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 as "APPENDIX C – FORM OF CONTINUING DISCLOSURE UNDERTAKING" for a description of the annual information and the notices of events to be provided and other terms of the Continuing Disclosure Undertaking.

The obligations of the State Treasurer pursuant to the Continuing Disclosure Undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2020R 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 CAFR were not completed and released until late January 2016 and late April 2016, respectively. As a result, the State was unable to post its Fiscal Year 2014-15 audited financial statements on EMMA by December 31, 2015, as required by numerous continuing disclosure undertakings entered into by the Included Entities. Notice of such noncompliance was posted on EMMA on January 25, 2016, and the State's unaudited Basic Financial Statements for Fiscal Year 2014-15 and the State's Fiscal Year 2014-15 CAFR were subsequently posted on EMMA on February 1, 2016, and May 2, 2016, respectively. The State was also unable to post its Fiscal Year 2015-16 audited financial statements on EMMA by December 31, 2016, as required by such continuing disclosure undertakings. 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 CAFR 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 CAFR 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 CAFRs 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.

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 2020R 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, 2019 AND STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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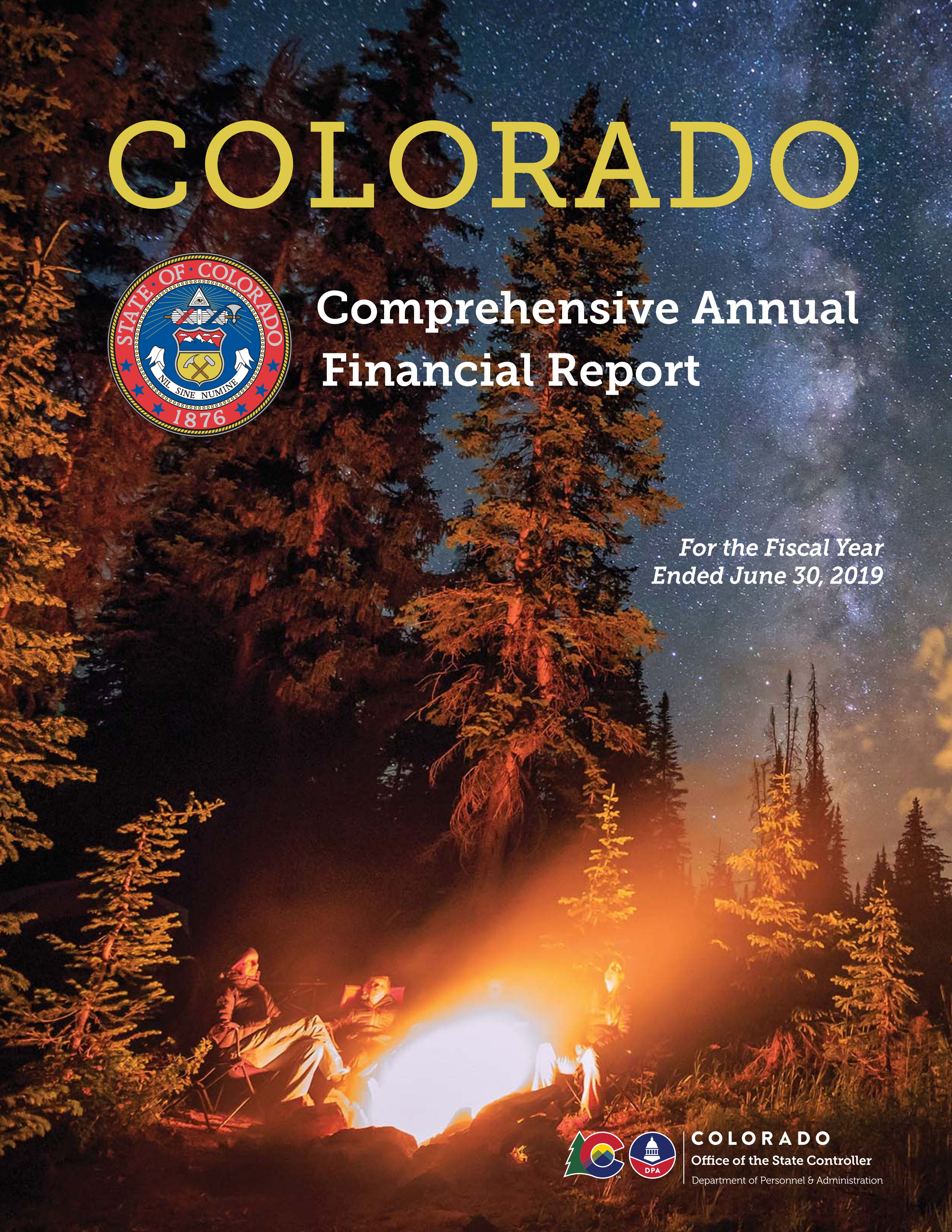


COLORADO

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

COLORADO
Office of the State Controller
Department of Personnel & Administration

Comprehensive Annual Financial Report

Jared S. Polis
Governor

For the Fiscal Year Ended June 30, 2019

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

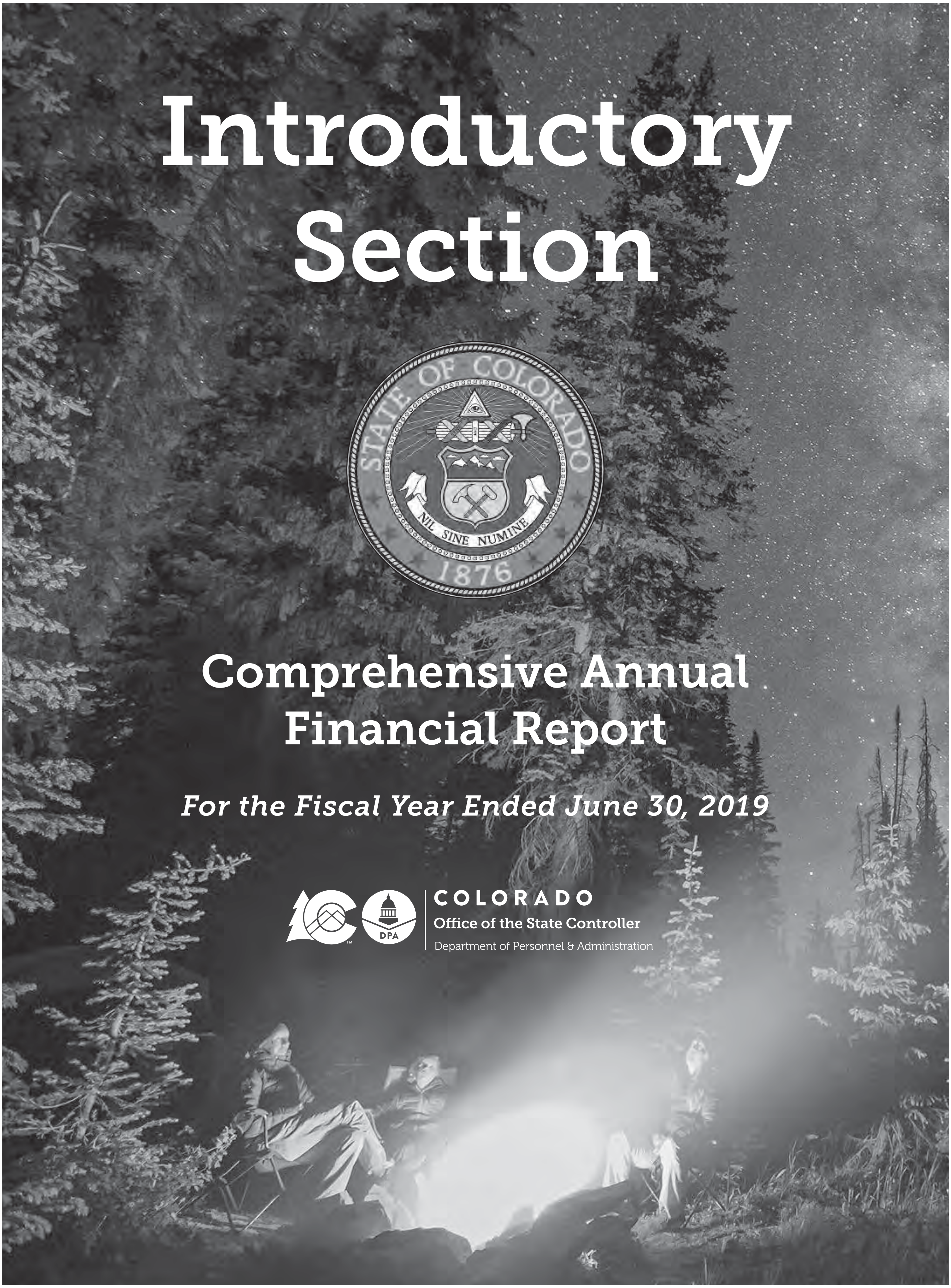
STATE OF COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

CONTENTS

INTRODUCTORY SECTION

FINANCIAL SECTION

STATISTICAL SECTION



Introductory Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

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

January 21, 2020

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, 2019. 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 an unmodified opinion. The State Auditor also applied limited audit procedures to the Required Supplementary Information (including the MD&A), but does not issue an opinion on such information. For more information regarding the audit and its results, see the Independent Auditor's Report.

PROFILE OF THE STATE GOVERNMENT

The government of the State of Colorado serves an estimated 5,771,900 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.
- 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.

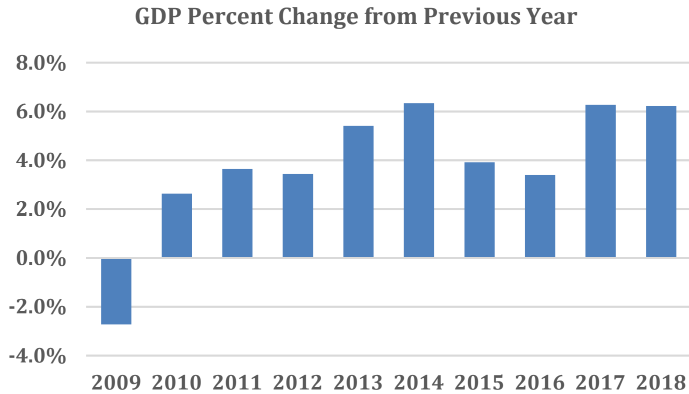
For the most part, operating appropriations lapse at the end of the fiscal year unless the State Controller approves, at a line item level, an appropriation roll-forward based on express legislative direction or extenuating circumstances. The State Controller may also, at a line item level and with the 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 2019; General Fund revenues increased by $551 million (4.7 percent) from the prior year. Historically, Colorado economic activity and in-migration have been interdependent. Net migration has averaged approximately 55,300 from 2014 to 2018. Net migration has increased over this period from approximately 48,200 (2014) to 52,200 (2018) and is projected to be 52,400 and 49,400 for 2019 and 2020, respectively.

The chart below shows the percent change from the previous year of Colorado's gross domestic product (GDP) for the years 2009 to 2018. According to the Bureau of Economic Analysis (BEA), the GDP has, with the exception of a decrease in 2009, consistently increased over the last ten years. Colorado's 2018 GDP of $371,750 million is a 6.2 percent increase from 2017 and a 45.5 percent increase from 2008.



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 2008 and 2018. Over this ten-year period, the industry profile of the State's GDP has been stable, with growth across most industries.

Industry	2008 GDP (millions)	2008 Percent of Total	2018 GDP (millions)	2018 Percent of Total
Finance, Insurance, Real Estate, Rental, and Leasing	$ 46,300.9	18.1 %	$ 77,127.1	20.8 %
Professional and Business Services	35,619.5	14.0	54,645.0	14.7
Government and Government Enterprises	31,836.0	12.5	44,220.2	11.9
Educational Services, Health Care, and Social Assistance	16,403.1	6.4	26,653.2	7.2
Manufacturing	19,285.1	7.5	25,750.7	6.9
Information	19,372.3	7.6	20,176.4	5.4
Wholesale Trade	14,428.8	5.6	20,499.1	5.5
Construction	13,589.7	5.3	21,196.9	5.7
Retail Trade	13,949.4	5.5	19,124.2	5.1
Arts, Entertainment, Recreation, Accommodation, and Food Services	10,750.1	4.2	19,089.8	5.1
Transportation and Warehousing	6,761.8	2.6	14,393.5	3.9
Mining, Quarrying, and Oil and Gas Extraction	15,819.6	6.2	14,232.2	3.8
Other Services (Except Government and Government Enterprises)	5,947.8	2.3	8,379.1	2.3
Utilities	3,320.3	1.3	4,107.4	1.1
Agriculture, Forestry, Fishing and Hunting	2,182.3	0.9	2,154.8	0.6
All Industry Total	$ 255,566.7		$ 371,749.6	

The Governor's Office of State Planning and Budgeting (OSPB) described Colorado's economic outlook in the September 2019 *Colorado Economic and Fiscal Outlook*:

"Colorado's economy has strengthened in recent months, but growth is expected to slow over the forecast period. Employment and wage growth have been strong, encouraging consumer activity, but the tight labor market is also constraining business growth as employers struggle to attract and retain talented employees. Lower housing and energy price growth is reducing inflation. While the agricultural and manufacturing industries face headwinds due to the ongoing trade war, Colorado's economic expansion is expected to continue."

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

- Unemployment will average 3.1 percent for 2019 compared with 3.3 and 2.7 percent in 2018 and 2017, respectively, and is expected to remain at 3.1 percent in 2020.
- Wages and salary income will increase by 5.6 percent in 2019 and by 4.9 percent and 4.5 percent in 2020 and 2021, respectively.
- Total personal income will increase by 5.8 percent in 2019, 5.0 percent in 2020, and 4.3 percent in 2021.
- Inflation, measured by the Denver-Aurora-Lakewood Consumer Price Index, will be 1.9 percent in 2019 and 2.0 percent in 2020.

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

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.

The General Assembly addressed one of the Governor's key issues, education, with House Bill 19-1262. With its enactment, the bill provides for the funding of full-day kindergarten through the existing school finance formula. For Fiscal Year 2020, $183 million was appropriated to the Department of Education to fund the state share of additional costs associated with full-day kindergarten.

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.

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, 2018. This was the twenty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Colorado

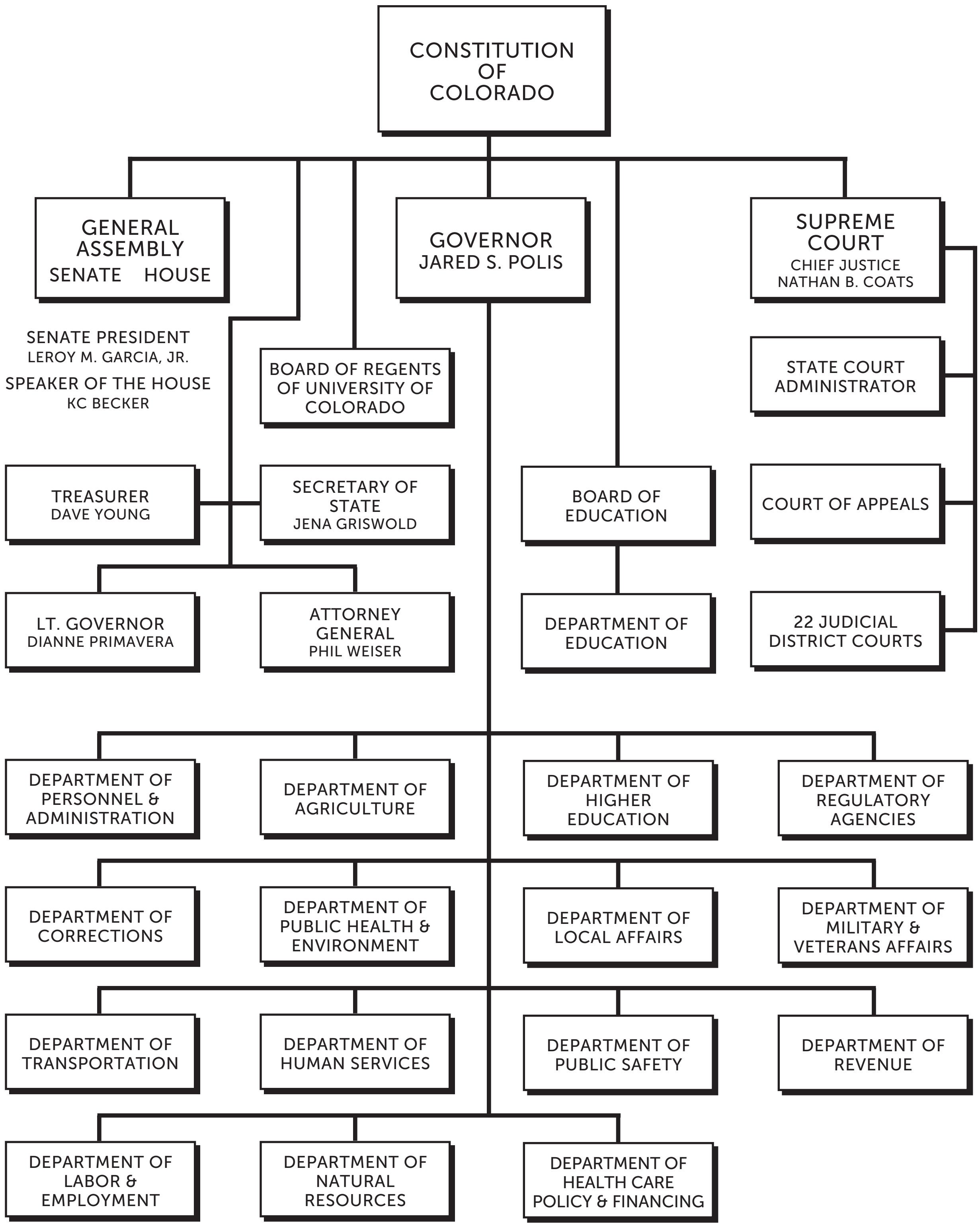
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

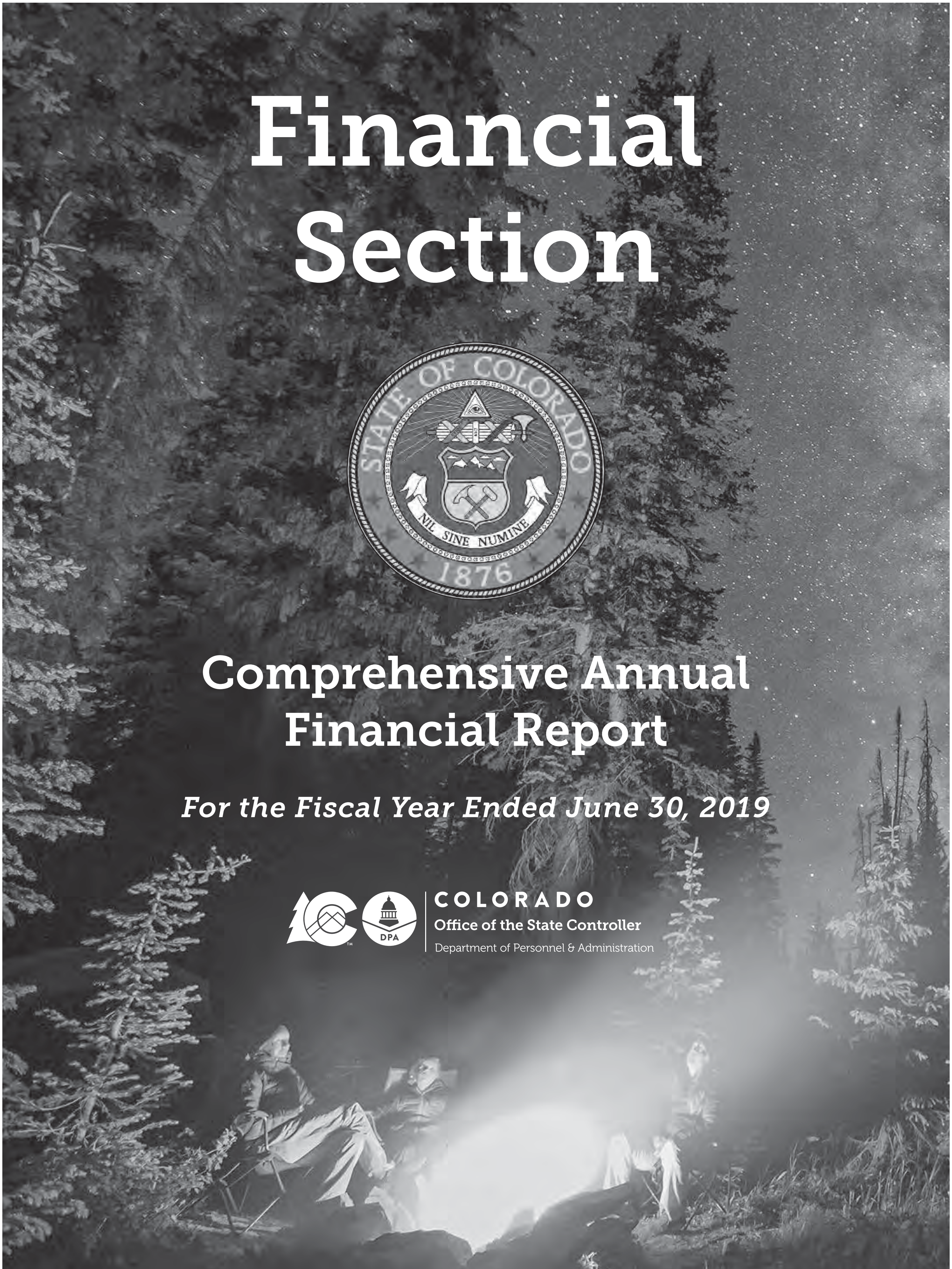
June 30, 2018

Christopher P. Morrill

Executive Director/CEO

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





Financial Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

COLORADO
Office of the State Controller
Department of Personnel & Administration

Office of the State Auditor

Dianne E. Ray, CPA
State Auditor

INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Audit Committee:

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Colorado (State), as of and for the year ended June 30, 2019, 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, 2019, as displayed in the State's required supplementary information section.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements and schedule based on our audit. We did not audit the financial statements of the discretely presented component units identified in Note 1; or the University 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	5%	40%	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 and the Denver Metropolitan Major League Baseball Stadium District, which are discretely presented component units; and CU Medicine and the University of Colorado Property Construction, Inc., which are blended component units, were audited in accordance with auditing standards generally accepted in the United States, but were not audited in accordance with *Government Auditing Standards.*

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

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

OPINIONS

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, as well as the budgetary comparison schedule—general fund component of the State of Colorado, as of June 30, 2019, 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 has removed several component units from its reporting entity as reported in the Fiscal Year 2018 Comprehensive Annual Financial Report. 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	23-37
Budgetary comparison schedules	164-169
Notes to required supplementary information	170-178
Budgetary comparison schedule-general fund component	179-181

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.

The combining nonmajor fund financial statements and schedule of TABOR revenue and computations are the responsibility of management, and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on the procedures performed as described above, the combining nonmajor fund financial statements and schedule of TABOR revenue and computations are fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards,* we will issue a separate report dated January 21, 2020, 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
January 21, 2020

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.

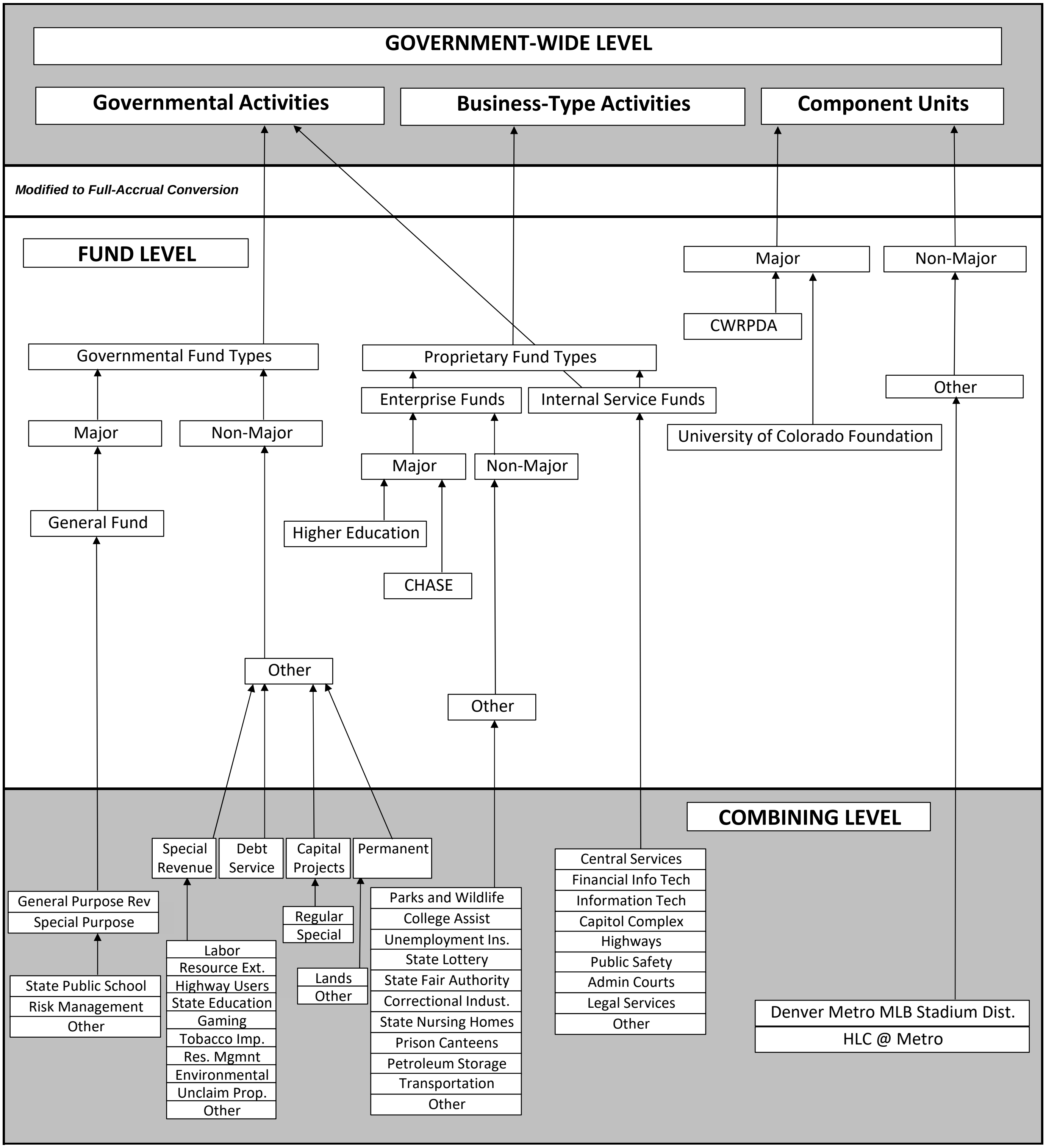
Notes to Basic Financial Statements

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; they occur only in fund-level statements.


GOVERNMENT-WIDE LEVEL
Governmental Activities
Business-Type Activities
Component Units
Modified to Full-Accrual Conversion
FUND LEVEL
Major
Non-Major
CWRPDA
Governmental Fund Types
Proprietary Fund Types
Enterprise Funds
Internal Service Funds
Other
Major
Non-Major
University of Colorado Foundation
Major
Non-Major
General Fund
Higher Education
CHASE
Other
Other
COMBINING LEVEL
Special Revenue
Debt Service
Capital Projects
Permanent
General Purpose Rev
Special Purpose
Labor
Resource Ext.
Highway Users
State Education
Gaming
Tobacco Imp.
Res. Mgmnt
Environmental
Unclaim Prop.
Other
Regular
Special
Lands
Other
State Public School
Risk Management
Other
Parks and Wildlife
College Assist
Unemployment Ins.
State Lottery
State Fair Authority
Correctional Indust.
State Nursing Homes
Prison Canteens
Petroleum Storage
Transportation
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

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 from the prior fiscal year by $2,233.1 million from $10,200.9 in Fiscal Year 2018 to $12,434.0 million in Fiscal Year 2019.

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 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Noncapital Assets	$ 12,015,284	$ 10,301,284	$ 8,014,060	$ 7,393,294	$ 20,029,344	$ 17,694,578
Capital Assets	12,222,923	12,199,565	10,294,533	9,871,474	22,517,456	22,071,039
Total Assets	24,238,207	22,500,849	18,308,593	17,264,768	42,546,800	39,765,617
Deferred Outflow of Resources	4,421,051	2,563,034	931,725	1,750,279	5,352,776	4,313,313
Current Liabilities	3,276,476	2,980,058	1,676,909	1,381,242	4,953,385	4,361,300
Noncurrent Liabilities	12,470,991	14,492,965	10,561,313	13,841,953	23,032,304	28,334,918
Total Liabilities	15,747,467	17,473,023	12,238,222	15,223,195	27,985,689	32,696,218
Deferred Inflow of Resources	4,997,905	560,903	2,482,076	620,945	7,479,981	1,181,848
Net Investment in Capital Assets	10,327,956	10,879,491	5,618,074	5,108,898	15,946,030	15,988,389
Restricted	3,797,509	3,401,621	2,619,832	2,117,540	6,417,341	5,519,161
Unrestricted	(6,211,579)	(7,251,155)	(3,717,886)	(4,055,531)	(9,929,465)	(11,306,686)
Total Net Position	$ 7,913,886	$ 7,029,957	$ 4,520,020	$ 3,170,907	$ 12,433,906	$ 10,200,864

The State's net investment in capital assets of $15,946.0 million for governmental and business-type activities combined represents a decrease of $42.4 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 $6,417.3 million, or 51.6 percent of net position. Restricted assets increased by $898.1 million relative to the prior fiscal year. In general, these restrictions dictate how the related assets must be used by the State, and therefore, may not be available for use by any of the State's programs. Examples of restrictions on the use of net position include the constitutionally-mandated TABOR reserve, State Education Fund, Highway Users Tax Fund, and resources pledged to debt service.

The unrestricted component of total net position is a negative $9,929.5 million for the fiscal year ended June 30, 2019, which represents an increase of $1,377.2 million from the prior fiscal year. The increase is primarily due to the increase of Net Investments in Capital Assets in relation to Total Net Position. The State reports a negative or deficit amount for the unrestricted component only on a government-wide basis, not at the level of any fund. The State's current liabilities reported on the Statement of Net Position increased by $592.1 million primarily due to the increase in the State's TABOR liability in Fiscal Year 2019. There also were increases in tax refunds payable; accounts payable and other accrued liabilities; unearned revenue; and notes, bonds, and COPs payable. Noncurrent liabilities decreased by $5,302.6 million from the prior fiscal year. The decrease is primarily attributed to the significant decrease in the net pension liability of $5,768.1 million 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 $7,913.9 million, an increase in net position of $883.9 million as compared to the prior fiscal year amount of $7,030.0 million. Cash and restricted cash balances increased by $703.9 million. Taxes Receivable, net of refunds payable and Other Receivables, net, increased by $290.5 million, while investments and restricted investments increased by $978.7 million. Capital assets, net of accumulated depreciation, increased by $66.3 million due to various projects throughout the State.

Governmental activities' liabilities for notes, bonds, and Certificates of Participation at June 30, 2019 were $2,159.4 million as compared to the prior fiscal year amount of $1,435.3 million – an increase of $724.1 million. These liabilities represent 29.7 percent of unrestricted financial assets (cash, receivables, and investments), and 8.9 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 $551.5 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 2018A. Restricted net position for governmental activities increased by $395.9 million due to the increase in TABOR liability resulting from revenues exceeding the Excess State Revenues Cap by $428.3 million – resulting in a refund of excess revenues (see Note 2B for more details). Unrestricted net position increased $1,039.6 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 $4,520.0 million – an increase in net position of $1,349.1 million as compared to the prior year amount of $3,170.9 million. The decrease is primarily attributed to the significant decrease in the net pension liability of $3,211.6 million 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 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 $4,953.6 million, as compared to the prior fiscal year amount of $5,124.3 million – a decrease of $170.7 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, $5,618.1 million was for investment in capital assets, and $2,619.8 million is restricted for the purposes of various funds, which resulted in an unrestricted deficit of $3,717.9 million. While the unrestricted deficit decreased in Fiscal Year 2019, 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 $509.2 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 an increase of $502.3 million from the prior fiscal year.

Government-wide Statement of Activities

The change in net position from the prior fiscal year is another important measure of the State's financial health. The following condensed statement of activities shows that for governmental activities, total expenses and transfers-out were less than total revenues and transfers-in, which resulted in an increase to net position of $860.7 million. Program revenues for governmental activities increased by $34.1 million (0.2 percent), and General revenues for governmental activities increased by $1,053.7 million (4.7 percent) due to increased tax collections.

Total expenses for governmental activities decreased by $1,222.0 million (5.2 percent) from the prior fiscal year due to decreases in health and rehabilitation, justice, social assistance, and transportation 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 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Program Revenues:						
Charges for Services	$ 1,606,484	$ 1,449,976	$ 7,933,992	$ 7,514,242	$ 9,540,476	$ 8,964,218
Operating Grants and Contributions	6,822,479	6,627,757	5,119,323	5,082,655	11,941,802	11,710,412
Capital Grants and Contributions	428,332	745,497	62,609	89,542	490,941	835,039
General Revenues:					-	-
Taxes	13,108,185	12,032,576	-	-	13,108,185	12,032,576
Restricted Taxes	1,348,050	1,273,482	-	-	1,348,050	1,273,482
Unrestricted Investment Earnings	30,196	21,798	-	-	30,196	21,798
Other General Revenues	95,051	199,934	-	-	95,051	199,934
Total Revenues	23,438,777	22,351,020	13,115,924	12,686,439	36,554,701	35,037,459
Expenses:						
General Government	1,493,871	739,872	-	-	1,493,871	739,872
Business, Community, and Consumer Affairs	734,786	912,495	-	-	734,786	912,495
Education	6,469,072	6,086,573	-	-	6,469,072	6,086,573
Health and Rehabilitation	935,044	1,258,445	-	-	935,044	1,258,445
Justice	1,970,515	3,254,155	-	-	1,970,515	3,254,155
Natural Resources	123,036	219,659	-	-	123,036	219,659
Social Assistance	8,589,168	8,810,715	-	-	8,589,168	8,810,715
Transportation	1,875,438	2,179,299	-	-	1,875,438	2,179,299
Payments to School Districts	-	-	-	-	-	-
Payments to Other Governments	-	-	-	-	-	-
Interest on Debt	109,075	60,778	-	-	109,075	60,778
Higher Education Institutions	-	-	7,111,041	8,612,196	7,111,041	8,612,196
Healthcare Affordability			3,414,018	3,294,611		3,294,611
Unemployment Insurance	-	-	385,192	444,181	385,192	444,181
Lottery	-	-	580,808	547,805	580,808	547,805
Parks and Wildlife	-	-	184,870	294,065	184,870	294,065
College Assist	-	-	222,726	247,361	222,726	247,361
Other Business-Type Activities	-	-	212,190	301,094	212,190	301,094
Total Expenses	22,300,005	23,521,991	12,110,845	13,741,313	34,410,850	37,263,304
Excess (Deficiency) Before Contributions, Transfers, and Other Items	1,138,772	(1,170,971)	1,005,079	(1,054,874)	2,143,851	(2,225,845)
Contributions, Transfers, and Other Items:						
Transfers (Out) In	(279,131)	(254,324)	279,131	254,324	-	-
Permanent Fund Additions	1,062	277	-	-	1,062	277
Internal Capital Contributions	-	44	57,541	51,439	57,541	51,483
Special Item	-	-	-	-	-	-
Total Contributions, Transfers, and Other Items	(278,069)	(254,003)	336,672	305,763	58,603	51,760
Total Changes in Net Position	860,703	(1,424,974)	1,341,751	(749,111)	2,202,454	(2,174,085)
Net Position - Beginning	7,029,957	8,707,037	3,170,907	4,570,333	10,200,864	13,277,370
Prior Period Adjustment (See Note 15A)	23,226	8,583	7,362	-	30,588	8,583
Accounting Changes	-	(260,689)	-	(650,315)	-	(911,004)
Net Position - Ending	$ 7,913,886	$ 7,029,957	$ 4,520,020	$ 3,170,907	$ 12,433,906	$ 10,200,864

Business-type activities' total expenses were less than total revenues, net transfers, and internal capital contributions by $1,341.8 million, resulting in an increase in net position. From the prior year to the current year, program revenue from business-type activities increased by $429.5 million, and expenses decreased by $1,630.5 million (11.9 percent) due to the decrease in accrued pension expense from the prior year.

FUNDAMENTAL

Governmental Funds:

Governmental fund assets exceeded liabilities resulting in total fund balance of $8,579.0 million as compared to the prior fiscal year amount of $7,349.4 million. The fund balance for all governmental funds increased from the prior fiscal year by $1,229.6 million from the prior fiscal year which comprised of increases in the General Fund and Other Governmental Funds of $56.2 million and $3,743.5 million, respectively. The large increase in Other Governmental Funds was due to a change in the major fund determination in Fiscal Year 2019. The Resource Extraction, Highway Users Tax, Capital Projects, and State Education funds were reported as major in FY 2018, whereas those funds were deemed nonmajor and combined with Other Governmental Funds in Fiscal Year 2019. Overall, the increase in fund balance for all governmental funds in total was primarily attributable to increases in tax revenue and the face amount of bond/COP issuances during Fiscal Year 2019.

General Fund

The ending total fund balance of the General Fund, as measured by generally accepted accounting principles (GAAP), was $2,063.0 million. General Fund revenues increased overall by approximately $709.4 million (4.0 percent) over the prior year, and expenditures increased overall by $819.1 million (4.8 percent) relative to the prior fiscal year, resulting in $681.5 million excess of revenues over expenditures for Fiscal Year 2019. The overall fund balance of the General Fund only increased by $56.2 million due the net of Transfers of ($879.3 million). Individual and fiduciary income taxes ($7,327.5 million), sales and use taxes ($3,592.2 million), and federal grants and contracts ($5,873.0 million) are the largest sources of revenue comprising 90.8 percent of total revenue of $18,496.2 million. Overall expenditures increased by 4.8 percent 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. Augmenting revenues include federal grants and contracts, user fees and charges, and other specific user taxes. Augmenting revenues are usually limited as to how they can be spent. Even though significant federal grant revenues are accounted for in the General Purpose Revenue Fund, they have little impact on fund balance because most federal revenues are earned on a reimbursement basis and are closely matched with federal expenditures.

Of the overall fund balance of the General Fund, $947.6 million (45.9 percent) was attributable to the General Purpose Revenue Fund, including non-spendable, restricted, committed, and assigned amounts. The General Purpose Revenue Fund decreased by $137.5 million from the prior fiscal year, which was attributable to increases in transfers out of the fund during Fiscal Year 2019. The General Purpose Revenue Fund's $649.5 million year-end unrestricted cash and pooled cash balance increased by $110.6 million from the prior year.

State law requires that the General Purpose Revenue Fund portion of the General Fund maintain a reserve of 6.5 percent of General Purpose Revenue Fund appropriations. Section 24-75-201.1 C.R.S. stipulates the reserve requirement as 7.25 percent of the amount appropriated for expenditure from the general fund for Fiscal Year 2019. The reserve for Fiscal Year 2019 is $814.2 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.

Proprietary Funds:

Higher Education Institutions

The net position of the Higher Education Institutions fund increased from the prior fiscal year by $901.5 million, or 115.3 percent, which included the effect of the implementation of GASB Statement No. 75 – Accounting and Financial Reporting for Other Postemployment Benefits in the prior year. Salaries and fringe benefits expense experienced a sharp increase in Fiscal Year 2018 as compared to Fiscal Year 2017 resulting from GASB 75 implementation. Salaries and fringe benefits decreased in Fiscal Year 2019 by $1,475.1 million (24.3 percent) as compared to the prior year. The higher education fund has a variety of revenue and funding sources, which, overall, were relatively consistent with the prior fiscal year. However, operating revenues increased by $242.7 million mainly due to increases in tuition and fees and sales of goods and services. In addition, federal grants and contacts increased by $78.0 million. Overall, total operating revenues increased by 3.8 percent, while total operating expenses decreased by 17.5 percent. Higher Education Institutions received capital contributions of $120.4 million and $139.3 million in Fiscal Years 2019 and 2018, respectively. Transfers-in to the Higher Education Institutions fund totaled $375.6 million for Fiscal Year 2019, an increase of $47.7 million compared to the prior fiscal year. Transfers-in are primarily from the General Fund for student financial aid and vocational training and from the Capital Projects Fund for capital construction.

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, 2019, net position was $8.0 million. Although net position decreased by $2.4 million from the prior year, there were large swings in receivables, and accounts payable and accrued liabilities of approximately $137.0 million and $111.9 million, respectively, – mainly due to the allocation of rebates from pharmaceutical drug rebates and Medicaid payables that were allocated to the CHASE fund beginning in FY 2019. Operating revenues of the fund totaled $3,426.6 million, which mainly consists of federal grants and contracts ($2,430.4 million) and fees charged to healthcare providers ($996.3 million). Operating revenues increased by approximately $105.6 million from the prior year due to increases in the rates of hospital provider fees. Operating expenses of the fund totaled $3,414.0 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).

TABOR Revenue, Debt, and Tax-Increase Limits

Fiscal Year 2019 is the twenty-sixth 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. 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 2019, State revenues subject to TABOR were $14,788.4 million, which was $428.3 million over the ESRC, and $3,029.1 million over the fiscal year spending limit. Revenue in excess of the ESRC must be refunded to the taxpayers in the next fiscal year including any remaining un-refunded revenues. Therefore, the total amount to be refunded in the next fiscal year is $435.0 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 Corrections – the Department had a net increase of $18.2 million primarily comprised of a $8.7 million in increases for payments to in-state private prisons and pre-release parole facilities, as well as purchased medical services and operating maintenance.

- Department of Education – the Department had a net decrease of $65.9 million resulting from a decrease in public school finance assistance per House Bill 19-128.

- Department of Health Care Policy and Financing – the Department had a net increase of $41.4 million mainly due to the passage of supplemental House Bills 19-113 and 19-207, impacting various health and welfare programs.

- Department of Human Services – the Department had a net decrease of $13.0 million from the passage of supplemental House Bills 19-114 and 19-223, impacting various health and welfare programs.

- Judicial Department – the Judicial Department had a net increase of $7.6 million from the passage of supplemental House Bills 19-115 and 19-207 related to court-appointed counsel and compensation for exonerated persons.

- Department of Revenue – the Department had a net increase of $143.0 million primarily comprised of statutory retail marijuana retail sales tax transfers to the Older Coloradans program and the Marijuana Tax Cash Fund.

Differences Between Final Budget and Actual Expenditures

In total, state departments reported general-funded appropriations reversions of $19.8 million for Merit Pay, $6.2 million for OIT, and $4.5 million for Legislative reversions. In addition, departments reverted $88.6 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 $1.6 million, primarily comprised of payments to local jails and vehicle lease payments.

- Governor's Office – the Governor's Office reverted $1.3 million across multiple programs and budget lines.

- Department of Human Services – the Department reverted $16.0 million across multiple programs and budget lines.

- Judicial Department – the Department reverted $6.9 million, primarily consisting of several appropriations including conflict of interest contracts, mandated costs, court-appointed counsel, and the mental health liaison and diversion programs.

- Department of Local Affairs – the Department reverted $1.1 million primarily related to the crime prevention initiative small business lending program.

- Department of Public Safety – the Department reverted $1.2 million primarily related to DCJ Administrative Services and the EPIC resource center.

- Department of Revenue – the Department reverted $26.6 million, primarily comprised of $14.9 million for old age pension, $9.9 million in non-appropriated transfers, and $1.0 million for retail marijuana sales tax distributions to local governments.

- Department of Treasury - the Department reverted $41.8 million consisting of $39.5 million for 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, 2019 was $15,946.0 million, as compared to $15,988.4 million in Fiscal Year 2018. Included in this amount were $18,442.9 million of net depreciable capital assets after reduction of $13,316.5 million for accumulated depreciation. Non-depreciable capital assets totaled $4,074.6 million – including land, construction in progress, non-depreciable infrastructure and other capital assets. The State added a net $446.4 million and $567.0 million of capital assets in Fiscal Years 2019 and 2018, respectively. Of the Fiscal Year 2019 additions, $23.3 million was recorded in governmental activities, and $423.1 million was recorded in business-type activities. General-purpose revenues funded $90.4 million of capital and controlled maintenance expenditures during Fiscal Year 2019, 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, 2019 and 2018, were as follows (see Note 5 for additional detail):

(Amounts in Thousands)	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Capital Assets Not Being Depreciated						
Land and Land Improvements	$ 125,737	$ 125,272	$ 647,585	$ 616,659	$ 773,322	$ 741,931
Collections	11,213	10,978	32,180	29,331	43,393	40,309
Other Capital Assets	2,136	2,136	15,461	15,461	17,597	17,597
Construction in Progress	957,814	771,863	1,162,309	1,094,137	2,120,123	1,866,000
Infrastructure	1,024,706	1,004,036	95,441	87,547	1,120,147	1,091,583
Total Capital Assets Not Being Depreciated	2,121,606	1,914,285	1,952,976	1,843,135	4,074,582	3,757,420
Capital Assets Being Depreciated						
Buildings and Related Improvements	3,432,389	3,445,526	11,086,080	10,541,827	14,518,469	13,987,353
Software	541,439	501,784	220,640	216,497	762,079	718,281
Vehicles and Equipment	980,135	987,183	1,270,225	1,200,967	2,250,360	2,188,150
Library Books, Collections, and Other Capital Assets	42,815	43,641	612,387	598,010	655,202	641,651
Infrastructure	12,407,645	12,180,948	1,165,641	1,028,393	13,573,286	13,209,341
Total Capital Assets Being Depreciated	17,404,423	17,159,082	14,354,973	13,585,694	31,759,396	30,744,776
Accumulated Depreciation	(7,303,106)	(6,873,802)	(6,013,416)	(5,557,355)	(13,316,522)	(12,431,157)
Total	$ 12,222,923	$ 12,199,565	$ 10,294,533	$9,871,474	$22,517,456	$ 22,071,039

The State is constitutionally prohibited from issuing general obligation debt except to fund buildings for State use, to defend the State or the U.S. in time of war, or to provide for unforeseen revenue shortfalls. Except for exempt enterprises, TABOR requires a vote of the people for the creation of any debt unless existing cash reserves are irrevocably pledged to service the debt. TABOR does allow debt issuance to refinance a borrowing at a lower interest rate. These requirements limit management's ability to address revenue shortfalls by borrowing for capital expenditures. However, the State has issued Certificates of Participation (COPs) secured by buildings and vehicles and has issued revenue bonds that are secured by pledges of future revenues. In some instances, the debt-financed asset generates the pledged revenue stream; in other instances, such as the Transportation Revenue Anticipation

Notes (TRANs), the pledged revenue stream is future federal revenues and State highway users taxes. Through the Colorado Housing and Finance Authority, the Division of Unemployment Insurance, a TABOR designated enterprise, issued bonds to spread the impact of the increased premiums resulting from the recession. The bonds will be repaid through employer insurance premiums collected over the life of the bonds. The State has other forms of borrowing that are small in relation to the revenue bonds and COPs. The schedule that follows shows the principal and interest that will be paid over the following thirty-five year period to retire the current borrowing for capital leases, bonds and COPs (see Note 11). Revenue bonds in this schedule include net payments on interest rate swap derivatives.

For Fiscal Year 2019, the total principal amount of capital leases, revenue bonds, and COPs increased by 4.4 percent from prior year to $6,964.2 million. The Fiscal Year 2019 increase was related to two new COP issuances – $500.0 million for the Series 2018A State of Colorado Rural Colorado COPs, and $240.4 million for the Series 2018N State of Colorado Building Excellent Schools Today COPs.

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

Fiscal Year 2018
(Amounts in Thousands)

	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 131,873	$ 15,234	$ -	$ -	$ 1,426,314	$ 798,084	$ 1,558,187	$ 813,318
Business-Type Activities	$ 48,152	$ 7,562	$ 4,602,833	$ 2,767,615	$ 461,461	$ 140,340	$ 5,112,446	$ 2,915,517
Total	$ 180,025	$ 22,796	$ 4,602,833	$ 2,767,615	$ 1,887,775	$ 938,424	$ 6,670,633	$ 3,728,835

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:

- 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 each year beginning in Fiscal Year 2019 to PERA to reduce the unfunded liability for the State Division, Judicial Division, Schools Division, and Denver Public Schools Division Trust Funds.
    - 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.
- Changes in Other Post-Employment Benefits (OPEB) Reporting – GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, became effective beginning in Fiscal Year 2018. The standards require, for purposes of governmental financial reporting, the State to recognize a liability for its proportionate share of the net OPEB liability (of all employers for benefits provided through the OPEB plan) — the collective net OPEB liability. The State also recognizes OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for

its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. See Note 7 for additional disclosures related to OPEB.

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

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

- General Fund Liquidity – The General Purpose Revenue Fund shows a cash balance of $649.5 million at June 30, 2019, providing apparent liquidity. The General Purpose Revenue Fund taxes receivable increased by $343.3 million to $1,934.1 million, tax refunds payable increased by $37.4 million to $927.7 million, and deferred inflows related to the tax receivables not expected to be collected within the next year increased by $60.3 million to $245.1 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 Department of Public Safety, the Judicial Branch, and the Departments of Corrections, Transportation, Agriculture, Treasury, and Labor and Employment have outstanding notes, bonds, and/or Certificates of Participation (COPs) for the purchase of equipment or to construct facilities or infrastructure. The average debt service related to governmental activities over the next five years is $148.1 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 $355.5 million.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 3,658,234	$ 1,841,335	$ 5,499,569	$ 237,229
Investments	-	344,755	344,755	-
Taxes Receivable, net	1,722,496	115,535	1,838,031	-
Contributions Receivable, net	-	-	-	65,589
Other Receivables, net	708,209	770,415	1,478,624	85,212
Due From Other Governments	468,940	172,251	641,191	2,437
Internal Balances	43,557	(43,557)	-	-
Due From Component Units	19	28,175	28,194	-
Inventories	101,161	58,481	159,642	-
Prepaids, Advances and Deposits	90,371	41,567	131,938	588
Total Current Assets	6,792,987	3,328,957	10,121,944	391,055
Noncurrent Assets:				
Restricted Assets:				
Restricted Cash and Pooled Cash	1,742,791	1,562,065	3,304,856	104,798
Restricted Investments	1,098,543	72,895	1,171,438	87,994
Restricted Receivables	445,384	39,570	484,954	1,429
Investments	1,177,035	2,900,742	4,077,777	2,071,735
Contributions Receivable, net	-	-	-	98,778
Other Long-Term Assets	758,544	109,831	868,375	918,683
Depreciable Capital Assets and Infrastructure, net	10,101,317	8,341,557	18,442,874	179,525
Land and Nondepreciable Capital Assets	2,121,606	1,952,976	4,074,582	24,849
Total Noncurrent Assets	17,445,220	14,979,636	32,424,856	3,487,791
TOTAL ASSETS	24,238,207	18,308,593	42,546,800	3,878,846
DEFERRED OUTFLOW OF RESOURCES:	4,421,051	931,725	5,352,776	9,042
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	927,857	-	927,857	-
Accounts Payable and Accrued Liabilities	1,318,548	697,916	2,016,464	24,711
TABOR Refund Liability (Note 2B)	431,685	-	431,685	-
Due To Other Governments	283,432	73,297	356,729	1,530
Due To Component Units	-	206	206	-
Unearned Revenue	150,512	351,010	501,522	-
Accrued Compensated Absences	14,097	27,340	41,437	-
Claims and Judgments Payable	42,298	1,581	43,879	-
Leases Payable	26,162	5,474	31,636	-
Notes, Bonds, and COPs Payable	50,865	196,235	247,100	40,707
Other Current Liabilities	31,020	323,850	354,870	143,686
Total Current Liabilities	3,276,476	1,676,909	4,953,385	210,634
Noncurrent Liabilities:				
Deposits Held In Custody For Others	584	25	609	440,444
Accrued Compensated Absences	166,680	350,352	517,032	-
Claims and Judgments Payable	168,190	42,390	210,580	-
Capital Lease Payable	97,438	31,928	129,366	-
Derivative Instrument Liability	-	14,193	14,193	-
Notes, Bonds, and COPs Payable	2,108,495	4,757,334	6,865,829	469,919
Due to Component Units	-	1,798	1,798	-
Net Pension Liability	9,377,357	4,237,019	13,614,376	7,934
Other Postemployment Benefits	284,264	1,015,792	1,300,056	186
Other Long-Term Liabilities	267,983	110,482	378,465	80,252
Total Noncurrent Liabilities	12,470,991	10,561,313	23,032,304	998,735
TOTAL LIABILITIES	15,747,467	12,238,222	27,985,689	1,209,369
DEFERRED INFLOW OF RESOURCES:	4,997,905	2,482,076	7,479,981	394
NET POSITION:				
Net investment in Capital Assets:	10,327,956	5,618,074	15,946,030	155,611
Restricted for:				
Construction and Highway Maintenance	954,461	-	954,461	-
Education	203,648	870,941	1,074,589	-
Unemployment Insurance	-	1,258,552	1,258,552	-
Debt Service	104,011	80,693	184,704	-
Emergencies	191,245	34,000	225,245	-
Permanent Funds and Endowments:				
Expendable	10,651	173,553	184,204	1,087,300
Nonexpendable	1,291,071	83,198	1,374,269	607,413
Other Purposes	1,042,422	118,895	1,161,317	737,698
Unrestricted	(6,211,579)	(3,717,886)	(9,929,465)	90,103
TOTAL NET POSITION	$ 7,913,886	$ 4,520,020	$ 12,433,906	$ 2,678,125

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	Expenses		Program Revenues		
Functions/Programs	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 1,518,082	$ (24,211)	$ 180,335	$ 281,140	$ 313
Business, Community, and Consumer Affairs	732,387	2,399	161,253	298,898	-
Education	6,467,332	1,740	29,915	650,597	-
Health and Rehabilitation	933,558	1,486	88,767	497,872	-
Justice	1,965,452	5,063	287,709	148,961	62
Natural Resources	121,909	1,127	190,485	143,047	162
Social Assistance	8,583,941	5,227	168,043	4,574,650	-
Transportation	1,873,636	1,802	499,977	227,314	427,795
Interest on Debt	109,075	-	-	-	-
Total Governmental Activities	22,305,372	(5,367)	1,606,484	6,822,479	428,332
Business-Type Activities:					
Higher Education	7,107,768	3,273	5,231,668	2,288,918	62,446
Healthcare Affordability	3,414,018	-	996,252	2,431,705	-
Unemployment Insurance	384,598	594	548,976	38,395	-
Lottery	579,925	883	680,733	2,319	-
Parks and Wildlife	184,762	108	190,014	45,201	163
College Assist	222,217	509	20	245,163	-
Other Business-Type Activities	212,190	-	286,329	67,622	-
Total Business-Type Activities	12,105,478	5,367	7,933,992	5,119,323	62,609
Total Primary Government	34,410,850	-	9,540,476	11,941,802	490,941
Total Component Units	$ 250,047	$ -	$ 51,415	$ 302,866	$ 3,498

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

Change in Net Position

Net Position - Fiscal Year Beginning (as 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
$ (1,032,083)	$ -	$ (1,032,083)	
(274,635)	-	(274,635)	
(5,788,560)	-	(5,788,560)	
(348,405)	-	(348,405)	
(1,533,783)	-	(1,533,783)	
210,658	-	210,658	
(3,846,475)	-	(3,846,475)	
(720,352)	-	(720,352)	
(109,075)	-	(109,075)	
(13,442,710)	-	(13,442,710)	
-	471,991	471,991	
-	13,939	13,939	
-	202,179	202,179	
-	102,244	102,244	
-	50,508	50,508	
-	22,457	22,457	
-	141,761	141,761	
-	1,005,079	1,005,079	
(13,442,710)	1,005,079	(12,437,631)	
			107,732
3,632,282	-	3,632,282	-
301,292	-	301,292	-
7,505,245	-	7,505,245	-
963,380	-	963,380	-
705,986	-	705,986	-
626,015	-	626,015	-
66,785	-	66,785	-
654,887	-	654,887	-
363	-	363	-
30,196	-	30,196	30,143
95,051	-	95,051	-
(279,131)	279,131	-	-
-	57,541	57,541	-
1,062	-	1,062	-
14,303,413	336,672	14,640,085	30,143
860,703	1,341,751	2,202,454	137,875
7,053,183	3,178,269	10,231,452	2,540,250
$ 7,913,886	$ 4,520,020	$ 12,433,906	$ 2,678,125

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 1,045,204	$ 2,556,213	$ 3,601,417
Taxes Receivable, net	1,934,123	38,788	1,972,911
Other Receivables, net	531,320	158,197	689,517
Due From Other Governments	413,916	54,878	468,794
Due From Other Funds	58,620	34,565	93,185
Due From Component Units	19	-	19
Inventories	9,944	90,323	100,267
Prepaids, Advances and Deposits	38,659	43,041	81,700
Restricted Assets:			
Restricted Cash and Pooled Cash	379,564	1,363,227	1,742,791
Restricted Investments	-	1,098,543	1,098,543
Restricted Receivables	1,166	444,218	445,384
Investments	349,143	827,892	1,177,035
Other Long-Term Assets	4,703	502,525	507,228
TOTAL ASSETS	$ 4,766,381	$ 7,212,410	$ 11,978,791
DEFERRED OUTFLOW OF RESOURCES:	-	1,948	1,948
LIABILITIES:			
Tax Refunds Payable	$ 927,722	$ 135	$ 927,857
Accounts Payable and Accrued Liabilities	867,339	416,526	1,283,865
TABOR Refund Liability (Note 2B)	431,685	-	431,685
Due To Other Governments	154,557	128,874	283,431
Due To Other Funds	19,600	29,934	49,534
Unearned Revenue	33,169	113,465	146,634
Compensated Absences Payable	-	10	10
Claims and Judgments Payable	737	325	1,062
Other Current Liabilities	22,227	3,394	25,621
Deposits Held In Custody For Others	533	51	584
TOTAL LIABILITIES	2,457,569	692,714	3,150,283
DEFERRED INFLOW OF RESOURCES:	245,905	5,642	251,547
FUND BALANCES:			
Nonspendable:			
Long-term Portion of Interfund Loans Receivable	-	13	13
Inventories	9,944	90,323	100,267
Permanent Fund Principal	-	1,274,846	1,274,846
Prepaids	38,547	43,041	81,588
Restricted	814,658	1,464,302	2,278,960
Committed	1,114,406	3,643,477	4,757,883
Assigned	33,264	-	33,264
Unassigned	52,088	-	52,088
TOTAL FUND BALANCES	2,062,907	6,516,002	8,578,909
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,766,381	$ 7,214,358	$ 11,980,739

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

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET POSITION
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL ASSET BALANCES	(C) DEBT RELATED BALANCES	(D) CENTRALIZED RISK MANAGEMENT LIABILITIES	(E) OTHER MEASUREMENT FOCUS ADJUSTMENTS	(F) INTERNAL BALANCES ELIMINATION	STATEMENT OF NET POSITION TOTALS
ASSETS:								
Current Assets:								
Cash and Pooled Cash	$ 3,601,417	$ 56,811	$ -	$ -	$ -	$ 6	$ -	$ 3,658,234
Taxes Receivable, net	1,972,911	-	-	-	-	(250,415)	-	1,722,496
Other Receivables, net	689,517	1,288	-	-	-	17,391	13	708,209
Due From Other Governments	468,794	146	-	-	-	-	-	468,940
Due From Other Funds	93,185	277	-	-	-	-	(93,462)	-
Internal Balances	-	-	-	-	-	-	43,557	43,557
Due From Component Units	19	-	-	-	-	-	-	19
Inventories	100,267	894	-	-	-	-	-	101,161
Prepaids, Advances and Deposits	81,700	8,671	-	-	-	-	-	90,371
Total Current Assets	7,007,810	68,087	-	-	-	(233,018)	(49,892)	6,792,987
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,742,791	-	-	-	-	-	-	1,742,791
Restricted Investments	1,098,543	-	-	-	-	-	-	1,098,543
Restricted Receivables	445,384	-	-	-	-	-	-	445,384
Investments	1,177,035	-	-	-	-	-	-	1,177,035
Other Long-Term Assets	507,228	-	-	-	-	251,316	-	758,544
Depreciable Capital Assets and Infrastructure, net	-	128,872	9,972,445	-	-	-	-	10,101,317
Land and Nondepreciable Capital Assets	-	311	2,121,295	-	-	-	-	2,121,606
Total Noncurrent Assets	4,970,981	129,183	12,093,740	-	-	251,316	-	17,445,220
TOTAL ASSETS	11,978,791	197,270	12,093,740	-	-	18,298	(49,892)	24,238,207
DEFERRED OUTFLOW OF RESOURCES:	1,948	70,923	-	4,348,180	-	-	-	4,421,051
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	927,857	-	-	-	-	-	-	927,857
Accounts Payable and Accrued Liabilities	1,283,865	27,567	-	6,878	-	-	238	1,318,548
TABOR Refund Liability (Note 2B)	431,685	-	-	-	-	-	-	431,685
Due To Other Governments	283,431	1	-	-	-	-	-	283,432
Due To Other Funds	49,534	596	-	-	-	-	(50,130)	-
Unearned Revenue	146,634	3,975	-	-	-	(97)	-	150,512
Compensated Absences Payable	10	1,414	-	-	-	12,673	-	14,097
Claims and Judgments Payable	1,062	-	-	-	33,234	8,002	-	42,298
Leases Payable	-	21,823	-	4,339	-	-	-	26,162
Notes, Bonds, and COPs Payable	-	-	-	50,865	-	-	-	50,865
Other Current Liabilities	25,621	242	-	-	-	5,157	-	31,020
Total Current Liabilities	3,149,699	55,618	-	62,082	33,234	25,735	(49,892)	3,276,476
Noncurrent Liabilities:								
Deposits Held In Custody For Others	584	-	-	-	-	-	-	584
Accrued Compensated Absences	-	10,093	-	-	-	156,587	-	166,680
Claims and Judgments Payable	-	-	-	-	107,052	61,138	-	168,190
Capital Lease Payable	-	73,078	-	24,360	-	-	-	97,438
Notes, Bonds, and COPs Payable	-	-	-	2,108,495	-	-	-	2,108,495
Net Pension Liability	-	405,718	-	-	-	8,971,639	-	9,377,357
Other Postemployment Benefits	-	16,145	-	-	-	268,119	-	284,264
Other Long-Term Liabilities	-	-	-	-	-	267,983	-	267,983
Total Noncurrent Liabilities	584	505,034	-	2,132,855	107,052	9,725,466	-	12,470,991
TOTAL LIABILITIES	3,150,283	560,652	-	2,194,937	140,286	9,751,201	(49,892)	15,747,467
DEFERRED INFLOW OF RESOURCES:	251,547	214,026	-	-	-	4,532,332	-	4,997,905
NET POSITION:								
Net investment in Capital Assets:	-	34,282	12,093,740	(1,800,066)	-	-	-	10,327,956
Restricted for:								
Construction and Highway Maintenance	954,461	-	-	-	-	-	-	954,461
Education	203,648	-	-	-	-	-	-	203,648
Debt Service	104,011	-	-	-	-	-	-	104,011
Emergencies	191,245	-	-	-	-	-	-	191,245
Permanent Funds and Endowments:								
Expendable	10,651	-	-	-	-	-	-	10,651
Nonexpendable	1,291,071	-	-	-	-	-	-	1,291,071
Other Purposes	1,042,422	-	-	-	-	-	-	1,042,422
Unrestricted	4,781,400	(540,767)	-	3,953,309	(140,286)	(14,265,235)	-	(6,211,579)
TOTAL NET POSITION	$ 8,578,909	$ (506,485)	$ 12,093,740	$ 2,153,243	$ (140,286)	$ (14,265,235)	$ -	$ 7,913,886

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

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

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

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

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

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

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

(E) Other measurement focus adjustments include:

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:			
Taxes:			
Individual and Fiduciary Income	$ 7,327,511	$ 628,715	$ 7,956,226
Corporate Income	855,707	64,085	919,792
Sales and Use	3,592,176	41,112	3,633,288
Excise	103,145	849,676	952,821
Other Taxes	315,175	422,111	737,286
Licenses, Permits, and Fines	36,625	832,030	868,655
Charges for Goods and Services	87,115	315,531	402,646
Rents	206	174,877	175,083
Investment Income (Loss)	95,406	256,902	352,308
Federal Grants and Contracts	5,872,915	807,189	6,680,104
Additions to Permanent Funds	-	1,062	1,062
Unclaimed Property Receipts	-	47,144	47,144
Other	210,235	215,356	425,591
TOTAL REVENUES	18,496,216	4,655,790	23,152,006
EXPENDITURES:			
Current:			
General Government	244,655	132,027	376,682
Business, Community, and Consumer Affairs	177,815	315,482	493,297
Education	822,416	88,880	911,296
Health and Rehabilitation	702,875	142,686	845,561
Justice	1,600,242	371,050	1,971,292
Natural Resources	41,003	87,918	128,921
Social Assistance	7,306,112	232,940	7,539,052
Transportation	-	1,297,949	1,297,949
Capital Outlay	127,490	137,182	264,672
Intergovernmental:			
Cities	112,600	389,924	502,524
Counties	1,495,002	420,559	1,915,561
School Districts	4,850,152	743,788	5,593,940
Special Districts	66,722	93,736	160,458
Federal	86	1,442	1,528
Other	184,009	63,966	247,975
Debt Service	83,563	96,812	180,375
TOTAL EXPENDITURES	17,814,742	4,616,341	22,431,083
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	681,474	39,449	720,923
OTHER FINANCING SOURCES (USES):			
Transfers- In	471,071	1,341,642	1,812,713
Transfers- Out	(1,350,355)	(736,687)	(2,087,042)
Face Amount of Bond/COP Issuance	240,425	500,000	740,425
Bond/COP Premium/Discount	12,456	44,154	56,610
Capital Lease Proceeds	528	-	528
Sale of Capital Assets	-	24,155	24,155
Insurance Recoveries	556	1,397	1,953
TOTAL OTHER FINANCING SOURCES (USES)	(625,319)	1,174,661	549,342
NET CHANGE IN FUND BALANCES	56,155	1,214,110	1,270,265
FUND BALANCE, FISCAL YEAR BEGINNING (as restated)	2,006,752	5,301,892	7,308,644
FUND BALANCE, FISCAL YEAR END	$ 2,062,907	$ 6,516,002	$ 8,578,909

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

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES RECONCILED TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	(A) INTERNAL SERVICE FUNDS	(B) CAPITAL RELATED ITEMS	(C) LONG-TERM DEBT TRANSACTIONS	(D) OTHER MEASUREMENT FOCUS ADJUSTMENTS	STATEMENT OF ACTIVITIES TOTALS
REVENUES:						
Taxes:						
Individual and Fiduciary Income	$ 7,956,226	$ -	$ -	$ -	$ 177,734	$ 8,133,960
Corporate Income	919,792	-	-	-	107,673	1,027,465
Sales and Use	3,633,288	-	-	-	(1,007)	3,632,281
Excise	952,821	-	-	-	3,358	956,179
Other Taxes	737,286	-	-	-	3,153	740,439
Licenses, Permits, and Fines	868,655	-	-	-	(548)	868,107
Charges for Goods and Services	402,646	-	-	-	(12)	402,634
Rents	175,083	-	-	-	-	175,083
Investment Income (Loss)	352,308	917	-	-	(9)	353,216
Federal Grants and Contracts	6,680,104	-	-	-	-	6,680,104
Additions to Permanent Funds	1,062	-	-	-	-	1,062
Unclaimed Property Receipts	47,144	-	-	-	-	47,144
Other	425,591	-	-	-	(87)	425,504
TOTAL REVENUES	23,152,006	917	-	-	290,255	23,443,178
EXPENDITURES:						
Current:						
General Government	376,682	(9,508)	22,871	-	(42,571)	347,474
Business, Community, and Consumer Affairs	493,297	(8,000)	2,947	-	(54,016)	434,228
Education	911,296	(608)	39,376	-	(24,033)	926,031
Health and Rehabilitation	845,561	(2,349)	52,483	-	(98,720)	796,975
Justice	1,971,292	(7,625)	47,582	-	(335,827)	1,675,422
Natural Resources	128,921	(3,367)	2,515	-	(16,342)	111,727
Social Assistance	7,539,052	(13,894)	19,697	-	(20,528)	7,524,327
Transportation	1,297,949	(3,791)	345,931	-	(82,584)	1,557,505
Capital Outlay	264,672	-	(595,312)	-	-	(330,640)
Intergovernmental:						
Cities	502,524	-	-	-	-	502,524
Counties	1,915,561	-	-	-	-	1,915,561
School Districts	5,593,940	-	-	-	726,802	6,320,742
Special Districts	160,458	-	-	-	25,522	185,980
Federal	1,528	-	-	-	-	1,528
Other	247,975	-	-	-	-	247,975
Debt Service	180,375	2,423	-	(86,521)	-	96,277
TOTAL EXPENDITURES	22,431,083	(46,719)	(61,910)	(86,521)	77,703	22,313,636
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	720,923	47,636	61,910	86,521	212,552	1,129,542
OTHER FINANCING SOURCES (USES):						
Transfers-In	1,812,713	4,276	-	-	-	1,816,989
Transfers-Out	(2,087,042)	(6,640)	-	-	-	(2,093,682)
Face Amount of Bond/COP Issuance	740,425	-	-	(740,425)	-	-
Bond/COP Premium/Discount	56,610	-	-	(51,042)	-	5,568
Capital Lease Proceeds	528	-	-	-	-	528
Sale of Capital Assets	24,155	-	(26,700)	-	-	(2,545)
Insurance Recoveries	1,953	-	-	-	-	1,953
TOTAL OTHER FINANCING SOURCES (USES)	549,342	(2,364)	(26,700)	(791,467)	-	(271,189)
Internal Service Fund Charges to BTAs	-	2,350	-	-	-	2,350
NET CHANGE FOR THE YEAR	1,270,265	47,622	35,210	(704,946)	212,552	860,703
Prior Period Adjustment (See Note 15A)	(40,720)	-	-	-	63,946	23,226
TOTAL CHANGE FOR THE CURRENT YEAR	$ 1,229,545	$ 47,622	$ 35,210	$ (704,946)	$ 276,498	$ 883,929

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

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

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

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

(B) The following adjustments relate to capital assets:

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

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

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

(D) Other measurement focus adjustments include:

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
ASSETS:					
Current Assets:					
Cash and Pooled Cash	$ 1,070,031	$ 36,765	$ 734,539	$ 1,841,335	$ 56,811
Investments	344,400	-	355	344,755	-
Premiums/Taxes Receivable, net	-	-	115,535	115,535	-
Student and Other Receivables, net	558,346	153,347	58,714	770,407	1,288
Due From Other Governments	142,832	1,851	27,568	172,251	146
Due From Other Funds	10,854	-	9,863	20,717	277
Due From Component Units	28,175	-	-	28,175	-
Inventories	43,491	-	14,990	58,481	894
Prepaids, Advances and Deposits	32,166	-	9,401	41,567	8,671
Total Current Assets	2,230,295	191,963	970,965	3,393,223	68,087
Noncurrent Assets:					
Restricted Cash and Pooled Cash	314,816	-	1,247,249	1,562,065	-
Restricted Investments	72,895	-	-	72,895	-
Restricted Receivables	-	-	39,570	39,570	-
Investments	2,869,656	-	31,086	2,900,742	-
Other Long-Term Assets	108,393	-	1,438	109,831	-
Depreciable Capital Assets and Infrastructure, net	7,093,592	-	1,247,965	8,341,557	128,872
Land and Nondepreciable Capital Assets	964,855	-	988,121	1,952,976	311
Total Noncurrent Assets	11,424,207	-	3,555,429	14,979,636	129,183
TOTAL ASSETS	13,654,502	191,963	4,526,394	18,372,859	197,270
DEFERRED OUTFLOW OF RESOURCES:	828,822	11,976	90,927	931,725	70,923
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	460,404	123,772	101,164	685,340	27,567
Due To Other Governments	-	41,684	31,613	73,297	1
Due To Other Funds	4,973	7,726	45,298	57,997	596
Due To Component Units	206	-	-	206	-
Unearned Revenue	294,427	-	56,583	351,010	3,975
Compensated Absences Payable	25,852	3	1,485	27,340	1,414
Claims and Judgments Payable	1,581	-	-	1,581	-
Leases Payable	5,176	-	298	5,474	21,823
Notes, Bonds, and COPs Payable	195,685	-	550	196,235	-
Other Current Liabilities	272,333	-	51,517	323,850	242
Total Current Liabilities	1,260,637	173,185	288,508	1,722,330	55,618
Noncurrent Liabilities:					
Due to Other Funds	-	-	18,845	18,845	-
Deposits Held In Custody For Others	-	-	25	25	-
Accrued Compensated Absences	336,319	39	13,994	350,352	10,093
Claims and Judgments Payable	42,390	-	-	42,390	-
Capital Lease Payable	30,187	-	1,741	31,928	73,078
Derivative Instrument Liability	14,193	-	-	14,193	-
Notes, Bonds, and COPs Payable	4,231,359	-	525,975	4,757,334	-
Due to Component Units	1,798	-	-	1,798	-
Net Pension Liability	3,745,240	14,733	477,046	4,237,019	405,718
Other Postemployment Benefits	995,817	328	19,647	1,015,792	16,145
Other Long-Term Liabilities	62,585	-	47,897	110,482	-
Total Noncurrent Liabilities	9,459,888	15,100	1,105,170	10,580,158	505,034
TOTAL LIABILITIES	10,720,525	188,285	1,393,678	12,302,488	560,652
DEFERRED INFLOW OF RESOURCES:	2,079,260	7,616	395,200	2,482,076	214,026
NET POSITION:					
Net investment in Capital Assets:	4,093,965	-	1,524,109	5,618,074	34,282
Restricted for:					
Education	870,941	-	-	870,941	-
Unemployment Insurance	-	-	1,258,552	1,258,552	-
Debt Service	45,505	-	35,188	80,693	-
Emergencies	-	-	34,000	34,000	-
Permanent Funds and Endowments:					
Expendable	173,553	-	-	173,553	-
Nonexpendable	83,198	-	-	83,198	-
Other Purposes	-	-	118,895	118,895	-
Unrestricted	(3,583,623)	8,038	(142,301)	(3,717,886)	(540,767)
TOTAL NET POSITION	$ 1,683,539	$ 8,038	$ 2,828,443	$ 4,520,020	$ (506,485)

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, 2019

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
Unemployment Insurance Premiums	$ -	$ -	$ 546,650	$ 546,650	$ -
License and Permits	-	-	144,535	144,535	-
Tuition and Fees	3,174,027	-	1,863	3,175,890	-
Scholarship Allowance for Tuition and Fees	(687,648)	-	-	(687,648)	-
Sales of Goods and Services	2,573,084	996,252	913,651	4,482,987	428,070
Scholarship Allowance for Sales of Goods & Services	(26,716)	-	-	(26,716)	-
Investment Income (Loss)	1,107	-	4,631	5,738	-
Rental Income	16,612	-	2,692	19,304	15,967
Gifts and Donations	2,316	-	-	2,316	-
Federal Grants and Contracts	1,189,019	2,430,353	332,232	3,951,604	-
Intergovernmental Revenue	5,761	-	32,180	37,941	-
Other	432,718	-	6,663	439,381	1,117
TOTAL OPERATING REVENUES	6,680,280	3,426,605	1,985,097	12,091,982	445,154
OPERATING EXPENSES:					
Salaries and Fringe Benefits	4,595,708	42,232	158,784	4,796,724	202,160
Operating and Travel	1,659,804	3,353,640	815,579	5,829,023	164,458
Cost of Goods Sold	140,211	-	54,481	194,692	-
Depreciation and Amortization	458,717	-	37,267	495,984	30,480
Intergovernmental Distributions	34,332	18,144	14,497	66,973	-
Debt Service	-	-	12,806	12,806	-
Prizes and Awards	467	-	417,862	418,329	29
TOTAL OPERATING EXPENSES	6,889,239	3,414,016	1,511,276	11,814,531	397,127
OPERATING INCOME (LOSS)	(208,959)	12,589	473,821	277,451	48,027
NONOPERATING REVENUES AND (EXPENSES):					
Taxes	-	-	34,846	34,846	-
Fines and Settlements	168	-	3,324	3,492	4
Investment Income (Loss)	226,078	1,352	57,299	284,729	917
Rental Income	19,806	-	13,756	33,562	-
Gifts and Donations	296,128	-	4,780	300,908	-
Intergovernmental Distributions	(30,046)	-	(68,494)	(98,540)	-
Federal Grants and Contracts	275,572	-	5,795	281,367	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(2,529)	-	1,367	(1,162)	2,440
Insurance Recoveries from Prior Year Impairments	295	-	113	408	36
Debt Service	(178,429)	-	(7,042)	(185,471)	(2,423)
Other Expenses	(8,359)	-	-	(8,359)	-
Other Revenues	22,680	-	3	22,683	-
TOTAL NONOPERATING REVENUES (EXPENSES)	621,364	1,352	45,747	668,463	974
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	412,405	13,941	519,568	945,914	49,001
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:					
Capital Contributions	120,373	-	109	120,482	985
Additions to Permanent Endowments	16	-	-	16	-
Transfers-In	375,591	103	30,005	405,699	4,276
Transfers-Out	(6,836)	(16,408)	(107,116)	(130,360)	(6,641)
TOTAL CONTRIBUTIONS AND TRANSFERS	489,144	(16,305)	(77,002)	395,837	(1,380)
CHANGE IN NET POSITION	901,549	(2,364)	442,566	1,341,751	47,621
NET POSITION - FISCAL YEAR BEGINNING (as restated)	781,990	10,402	2,385,877	3,178,269	(554,106)
NET POSITION - FISCAL YEAR ENDING	$ 1,683,539	$ 8,038	$ 2,828,443	$ 4,520,020	$ (506,485)

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, 2019

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISES	TOTALS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from:					
Tuition, Fees, and Student Loans	$ 2,519,552	$ -	$ 1,898	$ 2,521,450	$ -
Fees for Service	2,486,065	856,112	299,122	3,641,299	2,828
Receipts for Interfund Services	-	-	10,367	10,367	423,616
Sales of Products	-	-	736,220	736,220	1,331
Gifts, Grants, and Contracts	1,493,919	2,450,635	334,814	4,279,368	204
Loan and Note Repayments	411,578	-	-	411,578	-
Unemployment Insurance Premiums	-	-	548,976	548,976	-
Income from Property	36,418	-	16,505	52,923	15,967
Other Sources	199,924	-	134,770	334,694	3,763
Cash Payments to or for:					
Employees	(4,958,756)	(32,808)	(211,739)	(5,203,303)	(238,366)
Suppliers	(1,603,683)	(3,237,552)	(190,192)	(5,031,427)	(115,147)
Payments for Interfund Services	-	(1,932)	(5,279)	(7,211)	(63,228)
Sales Commissions and Lottery Prizes	-	-	(478,293)	(478,293)	(179)
Unemployment Benefits	-	-	(378,655)	(378,655)	-
Scholarships	(116,236)	-	-	(116,236)	-
Others for Student Loans and Loan Losses	(402,021)	-	-	(402,021)	-
Other Governments	(34,332)	(9,556)	(14,498)	(58,386)	-
Other	(82)	(4,540)	(264,940)	(269,562)	(178)
NET CASH PROVIDED BY OPERATING ACTIVITIES	32,346	20,359	539,076	591,781	30,611
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers-In	296,509	-	26,997	323,506	1,502
Transfers-Out	(6,836)	(16,408)	(107,419)	(130,663)	(6,641)
Receipt of Deposits Held in Custody	669,446	-	764	670,210	490
Release of Deposits Held in Custody	(665,738)	-	(756)	(666,494)	(435)
Gifts and Grants for Other Than Capital Purposes	564,113	-	1,671	565,784	-
Intergovernmental Distributions	(30,046)	-	(61,801)	(91,847)	-
Other	-	-	3,482	3,482	-
NonCapital Debt Proceeds	269,570	-	20,107	289,677	115
NonCapital Debt Service Payments	(263,964)	-	(20,107)	(284,071)	(115)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	833,054	(16,408)	(137,062)	679,584	(5,084)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of Capital Assets	(660,764)	-	(332,594)	(993,358)	(478,754)
Capital Contributions	124,816	-	-	124,816	-
Capital Gifts, Grants, and Contracts	18,119	-	-	18,119	-
Proceeds from Sale of Capital Assets	6,625	-	87,123	93,748	475,607
Capital Debt Proceeds	180,684	-	530	181,214	-
Capital Debt Service Payments	(518,348)	-	(13,142)	(531,490)	(144)
Capital Lease Payments	(32,422)	-	(1,255)	(33,677)	(24,441)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(881,290)	-	(259,338)	(1,140,628)	(27,732)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends on Investments	95,606	723	45,738	142,067	240
Proceeds from Sale/Maturity of Investments	12,141,022	-	25,768	12,166,790	-
Purchases of Investments	(12,470,396)	-	(25,356)	(12,495,752)	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	71,185	629	10,180	81,994	677
NET CASH FROM INVESTING ACTIVITIES	(162,583)	1,352	56,330	(104,901)	917
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(178,473)	5,303	199,006	25,836	(1,288)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,563,320	31,462	1,782,782	3,377,564	58,099
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,384,847	$ 36,765	$ 1,981,788	$ 3,403,400	$ 56,811

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

STATEMENT OF CASH FLOWS, CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISES	TOTALS	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME TO NET CASH					
PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ (208,959)	$ 12,589	473,821	$ 277,451	$ 48,027
Adjustments to Reconcile Operating Income (Loss)					
to Net Cash Provided by Operating Activities:					
Depreciation	458,717	-	37,267	495,984	30,480
Investment/Rental Income and Other Revenue in Operating Income	-	-	(2,109)	(2,109)	-
State Support for PERA Pensions	25,260	103	3,253	28,616	2,801
Rents, Fines, Donations, and Grants and Contracts in NonOperating	46,136	-	61,533	107,669	171
(Gain)/Loss on Disposal of Capital and Other Assets	(38)	-	-	(38)	-
Compensated Absences Expense	11,868	23	587	12,478	557
Interest and Other Expense in Operating Income	47,305	-	(10,121)	37,184	549
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred					
Inflows Related to Operating Activities:					
(Increase) Decrease in Operating Receivables	(86,117)	(116,702)	(23,774)	(226,593)	(294)
(Increase) Decrease in Inventories	(3,198)	-	(340)	(3,538)	(218)
(Increase) Decrease in Other Operating Assets and Deferred Outflows	8,213	-	(719)	7,494	(4,676)
(Increase) Decrease in Pension Deferred Outflow	759,013	(3,475)	87,893	843,431	82,894
(Increase) Decrease in OPEB Deferred Outflow	(33,018)	(292)	(591)	(33,901)	(294)
Increase (Decrease) in Accounts Payable	(5,423)	111,889	7,798	114,264	(10,165)
Increase (Decrease) in Pension Liability	(2,856,965)	1,598	(356,189)	(3,211,556)	(306,860)
Increase (Decrease) in OPEB Liability	76,204	328	809	77,341	603
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	146,328	7,179	49,220	202,727	3,267
Increase (Decrease) in Pension Deferred Inflow	1,656,318	7,118	210,716	1,874,152	183,819
Increase (Decrease) in OPEB Deferred Inflow	(9,298)	1	22	(9,275)	(50)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 32,346	$ 20,359	$ 539,076	$ 591,781	$ 30,611
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:					
Capital Assets Funded by the Capital Projects Fund	681	-	59	740	959
Capital Assets Acquired by Grants or Donations and Payable Increases	72,619	-	65,985	138,604	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	71,185	629	6,877	78,691	-
Loss on Disposal of Capital and Other Assets	6,277	-	1,249	7,526	49,238
Disposal of Capital Assets	47,314	-	-	47,314	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	54,517	-	717	55,234	748
Assumption of Capital Lease Obligation or Mortgage	-	-	-	-	18,000
Financed Debt Issuance Costs	224	-	-	224	-
Fair Value Change in Derivative Instrument	14,193	-	-	14,193	-
State Support for PERA Pensions	25,260	103	3,253	28,616	2,801
Advertising Provided through Private Sponsorship	-	-	1,204	1,204	-

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE PURPOSE TRUST	AGENCY
Current Assets:			
Cash and Pooled Cash	$ 83,224	$ 188,738	$ 1,527,644
Taxes Receivable, net	-	-	204,385
Other Receivables, net	2,647	13,761	296
Due From Other Funds	1,110	11,502	201
Due From Component Units	-	-	107
Inventories	-	-	5
Noncurrent Assets:			
Restricted Cash and Pooled Cash	517	68,451	-
Investments:			
Government Securities	5,272	19,150	-
Corporate Bonds	9,217	-	-
Asset Backed Securities	888	-	-
Mortgages	8,499	-	-
Mutual Funds	32,675	8,583,920	-
Other Investments	28,629	142,654	-
Other Long-Term Assets	-	-	8,821
TOTAL ASSETS	172,678	9,028,176	1,741,459
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	-	-	3,060
Accounts Payable and Accrued Liabilities	24,874	12,193	803
Due To Other Governments	-	-	369,706
Due To Other Funds	14	6	-
Intrafund Payables	1	-	-
Unearned Revenue	-	10,485	-
Claims and Judgments Payable	20,935	-	69
Other Current Liabilities	-	-	1,334,181
Noncurrent Liabilities:			
Deposits Held In Custody For Others	-	5,906	33,026
Accrued Compensated Absences	46	-	-
Other Long-Term Liabilities	-	-	614
TOTAL LIABILITIES	45,870	28,590	$ 1,741,459
NET POSITION:			
Restricted for:			
OPEB	83,954	-	
Held in Trust for:			
Pension/Benefit Plan Participants	42,854	-	
Individuals, Organizations, and Other Entities	-	8,999,586	
TOTAL NET POSITION	$ 126,808	$ 8,999,586	

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE PURPOSE TRUST
ADDITIONS:		
Additions By Participants	$ -	$ 1,338,108
Member Contributions	86,400	-
Employer Contributions	343,141	-
Investment Income/(Loss)	6,918	525,387
Unclaimed Property Receipts	-	61,285
Other Additions	5,163	3,460
Transfers- In	1,568	37
TOTAL ADDITIONS	443,190	1,928,277
DEDUCTIONS:		
Distributions to Participants	3,305	319,968
Health Insurance Premiums Paid	157,378	-
Health Insurance Claims Paid	228,846	-
Other Benefits Plan Expense	31,893	-
Payments in Accordance with Trust Agreements	-	936,990
Other Deductions	21,124	-
Transfers- Out	224	26
TOTAL DEDUCTIONS	442,770	1,256,984
CHANGE IN NET POSITION	420	671,293
NET POSITION - FISCAL YEAR BEGINNING	126,388	8,328,293
NET POSITION - FISCAL YEAR ENDING	$ 126,808	$ 8,999,586

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

STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2019

(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	$ 224,807	$ 9,272	$ 3,150	$ 237,229
Contributions Receivable, net	-	65,589	-	65,589
Other Receivables, net	82,297	2	2,913	85,212
Due From Other Governments	2,103	-	334	2,437
Prepaids, Advances and Deposits	-	588	-	588
Total Current Assets	309,207	75,451	6,397	391,055
Noncurrent Assets:				
Restricted Cash and Pooled Cash	93,014	-	11,784	104,798
Restricted Investments	87,994	-	-	87,994
Restricted Receivables	1,429	-	-	1,429
Investments	-	2,071,735	-	2,071,735
Contributions Receivable, net	-	98,778	-	98,778
Other Long-Term Assets	918,263	-	420	918,683
Depreciable Capital Assets and Infrastructure, net	29	1,333	178,163	179,525
Land and Nondepreciable Capital Assets	-	-	24,849	24,849
Total Noncurrent Assets	1,100,729	2,171,846	215,216	3,487,791
TOTAL ASSETS	1,409,936	2,247,297	221,613	3,878,846
DEFERRED OUTFLOW OF RESOURCES:	4,555	-	4,487	9,042
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	10,143	10,161	4,407	24,711
Due To Other Governments	1,530	-	-	1,530
Notes, Bonds, and COPs Payable	39,390	-	1,317	40,707
Other Current Liabilities	122,661	20,421	604	143,686
Total Current Liabilities	173,724	30,582	6,328	210,634
Noncurrent Liabilities:				
Deposits Held In Custody For Others	-	440,444	-	440,444
Notes, Bonds, and COPs Payable	421,000		48,919	469,919
Net Pension Liability	7,934	-	-	7,934
Other Postemployment Benefits	186	-		186
Other Long-Term Liabilities	48,275	20,490	11,487	80,252
Total Noncurrent Liabilities	477,395	460,934	60,406	998,735
TOTAL LIABILITIES	651,119	491,516	66,734	1,209,369
DEFERRED INFLOW OF RESOURCES:	394	-	-	394
NET POSITION:				
Net investment in Capital Assets:	30	1,333	154,248	155,611
Restricted for:				
Permanent Funds and Endowments:				
Expendable	-	1,087,300	-	1,087,300
Nonexpendable	-	607,413	-	607,413
Other Purposes	728,066	-	9,632	737,698
Unrestricted	34,882	59,735	(4,514)	90,103
TOTAL NET POSITION	$ 762,978	$ 1,755,781	$ 159,366	$ 2,678,125

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

STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
EXPENSES	$ 41,343	$ 190,882	$ 17,822	$ 250,047
PROGRAM REVENUES:				
Charges for Services	26,045	4,936	20,434	51,415
Operating Grants and Contributions	26,745	276,120	1	302,866
Capital Grants and Contributions	-	-	3,498	3,498
TOTAL PROGRAM REVENUES:	52,790	281,056	23,933	357,779
NET (EXPENSE) REVENUE	11,447	90,174	6,111	107,732
GENERAL REVENUES:				
Unrestricted Investment Earnings (Losses)	9,398	20,530	215	30,143
TOTAL GENERAL REVENUES	9,398	20,530	215	30,143
CHANGE IN NET POSITION	20,845	110,704	6,326	137,875
NET POSITION - FISCAL YEAR BEGINNING (as restated)	742,133	1,645,077	153,040	2,540,250
NET POSITION - FISCAL YEAR ENDING	$ 762,978	$ 1,755,781	$ 159,366	$ 2,678,125

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 2019:

GASB Statement No. 83- Certain Asset Retirement Obligations. In 2019, the State implemented GASB Statement No.83. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

GASB Statement No. 88- Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings, and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

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

B. FINANCIAL REPORTING ENTITY

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

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

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

Discretely Presented Component Units:

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair, and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the State. The Governor appoints the Board of Directors, subject to approval by the Senate. In addition, 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. In addition, Metro State University of Denver has guaranteed the debt of HLC@ Metro, Inc. and thus has a financial burden relationship.

Blended Component Units:

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

- University 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.

PROPRIETARY FUND TYPE (MAJOR):

Higher Education Institutions

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

Healthcare Affordability

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

Internal Service Funds

The State uses internal service funds to account for the sale of goods and services, primarily to internal customers, on a cost reimbursement basis. The major fund concept does not apply to internal service funds. The State's Internal Service Funds reported in supplementary information include Central Services, Statewide Financial Information

Technology, Information Technology, Capitol Complex, Highways, Public Safety, Administrative Courts, Legal Services, and Other Enterprise Services. In the fund financial statements, these activities are aggregated into a single column. In the government-wide statements, the Internal Service Funds are included in the governmental activities on the *Statement of Net Position,* and they are included in the *Statement of Activities* through an allocation of their net revenue/expense back to the programs originally charged for the goods or services.

FIDUCIARY FUND TYPE:

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

Pension and Other Employee Benefit Trust Funds

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

Private Purpose Trust Funds

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

Agency Funds

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

PRESENTATION OF INTERNAL BALANCES

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

FUNCTIONAL PRESENTATION OF EXPENDITURES

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

General Government

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

Business, Community, and Consumer Affairs

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

Education

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

Health and Rehabilitation

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

Justice

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

Natural Resources

Department of Natural Resources.

Social Assistance

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

Transportation

Department of Transportation.

E. BASIS OF ACCOUNTING

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

- Derived tax revenues are recognized when the underlying exchange transaction occurs.
- Imposed nonexchange revenues are recognized when the State has an enforceable legal claim.
- Government mandated and voluntary nonexchange revenues are recognized when all eligibility requirements are met – assets are recognized if received before eligibility requirements are met.

FUND-LEVEL FINANCIAL STATEMENTS

Governmental Funds

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

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

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

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

Expenditures are recognized in governmental funds when:

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

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

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

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

Proprietary and Fiduciary Funds

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

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

CASH AND POOLED CASH

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

RECEIVABLES

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

INVENTORIES AND PREPAIDS

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

INVESTMENTS

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

CAPITAL ASSETS

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

The following table lists the range of capitalization thresholds established by the State, as well as lower thresholds adopted by some State agencies. State agencies are allowed to capitalize assets below established thresholds. The University of Colorado has adopted a $75,000 threshold for land and leasehold improvements, buildings, intangibles, and infrastructure. 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
Infrastructure	NA	500,000

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

Asset Class	Estimated Useful Life
Land Improvements	5 to 50 years
Buildings	3 to 70 years
Leasehold Improvements	2 to 50 years
Vehicles and Equipment	2 to 50 years
Software	2 to 20 years
Library Books & Collections	3 to 20 years
Other Capital Assets	3 to 25 years
Infrastructure	10 to 75 years

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

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

UNEARNED REVENUE AND DEFERRED INFLOWS

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

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

ACCRUED COMPENSATED ABSENCES LIABILITY

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month.

Total sick leave per employee is limited to the individual's accrued balance on July 1, 1988, plus 360 additional hours. Employees that exceed the limit at June 30 are required to convert five hours of unused sick leave to one hour of annual leave. Employees or their survivors are paid for one-fourth of their unused sick leave upon retirement or death. Annual leave is earned at increasing rates based on employment longevity. No classified employee is allowed to accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100 percent of their annual leave balance upon leaving State service.

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

INSURANCE

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

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

NET POSITION

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

FUND BALANCES

<u>Nonspendable</u> – 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.

<u>Restricted</u> – 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.

<u>Committed</u> – 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.

<u>Assigned</u> – This classification represents the portion of the General Purpose Revenue Fund fund balance related to certain Fiscal Year 2018-19 appropriations that the Colorado State Controller approved in accordance with Fiscal Rule 7-3 for use in the subsequent fiscal year.

<u>Unassigned</u> – 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 2015-16 and costs from the Fiscal Year 2017-18 Appropriations bill that were incorporated in State agency budgets for Fiscal Year 2018-19. The allocation of costs between the governmental activities and business-type activities would normally result in an adjustment of internal balances on the government-wide *Statement of Net Position*. However, since the amount allocated from the governmental activities to the business-type activities is small, an offsetting adjustment is made to the (Transfers-Out)/Transfers-In line item at the bottom of the *Statement of Activities.*

OPERATING REVENUES AND EXPENSES

The State reports three major enterprise funds, multiple nonmajor enterprise funds, and multiple internal service funds. Because these funds engage in a wide variety of activities, the State's definition of operating revenues and expenses is highly generalized. For these funds, operating revenues and expenses are defined as transactions that result from the core business activity of the proprietary fund.

In general, this definition provides consistency between operating income on the *Statement of Revenues, Expenses, and Changes in Net Position* and cash from operations on the *Statement of Cash Flows.* However, certain exceptions occur including:

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

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

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

NOTE 2 – STEWARDSHIP, ACCOUNTABILITY, AND LEGAL COMPLIANCE

A. OVEREXPENDITURES

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

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

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

Total overexpenditures at June 30, 2019, were $34.14 million as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- Medical Services Premiums – The Department of Health Care Policy & Financing overspent this line item by $23.4 million general funds, $1.3 million cash funds, and $0.1 million reappropriated funds. The Medical Services Premiums appropriation covers expenditures for the majority of services rendered for Medicaid members. Due to the entitlement nature of the program, this line has statutory unlimited overexpenditure authority. The primary driver of the General Fund overexpenditure is under forecasting the acute care per capita costs for MAGI children, individuals with disabilities, and MAGI pregnant adults. The cash funds overexpenditure occurred as a result of greater-than-anticipated revenue collection from recoveries, which is reported as a cash fund expenditure. The reappropriated funds overexpenditure was due to transferring more funding from the Old Age Pension State Medical Program to Medical Services Premiums than the Department forecasted would be available for the year.

- Behavioral Health Fee-for-service Payments – The Department of Health Care Policy & Financing overspent this line item by $0.2 million general funds. The behavioral health fee-for-service line represents expenditure that is excluded from coverage under the behavioral health capitation, either because the member is not attributed to the Regional Accountable Entity or the service fell outside of the contractual requirements of covered services. Growth in expenditure for this line item fluctuates from year to year. For Fiscal Year 2019, utilization grew by more than the Department projected in the second half of the year.

- Mental Health Institutes – The Department of Health Care Policy & Financing overspent this line item by $0.04 million general funds. The overexpenditure is a result of higher than anticipated claims being billed to the Department by the Department of Human Services. The Department of Human Services (DHS) sets the spending authority for this appropriation. Each year, DHS submits an annual budget request to true up the Mental Health Institute (MHI) line item spending authority based on current MHI population mix. DHS underestimated the costs for this line item for Fiscal Year 2019.

- Adult Comprehensive Services – The Department of Health Care Policy & Financing overspent this line item by $2.8 million general funds. The overexpenditure is a result of higher than anticipated enrollment and utilization in the Adult Comprehensive (DD) waiver. Enrollments in the DD waiver from the waiting list occurred slightly faster than originally estimated and units per utilizer grew faster than anticipated as well.

- Division of Youth Services - Medicaid Funding – The Department of Health Care Policy & Financing overspent this line item by $0.1 million general funds. The overexpenditure is a result of a larger than expected number of child welfare claims payments identified by the Department of Human Services to be associated with the Division of Youth Services. The Department of Human Services (DHS) requests funding for this appropriation based on anticipated Medicaid costs for the Division of Youth Services. DHS underestimated the costs for this line item.

- Medicare Modernization Act Contribution – The Department of Health Care Policy & Financing overspent this line item by $1.7 million general funds. The overexpenditure occurred due to large increases in retroactive enrollment of dual eligible clients in the second half of the year, which resulted in higher-than-anticipated monthly invoice totals. The Department is currently working with its federal partner (CMS) and data warehouse vendor to make necessary adjustments to the process of producing the dual-eligibility file that is sent to CMS each month to calculate current and retroactive enrollment. Once the changes are made, the Department will be better able to anticipate large retroactive changes in dual-eligibility and prevent future overexpenditure due to spikes in retroactivity.

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

- None at June 30, 2019

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

- Operating Expenses – The Department of Corrections overspent this line item by $1.1 million general funds. The Department of Corrections submitted a $1.1 million supplemental budget request which was approved by the Joint Budget Committee on September 20, 2018. The Joint Budget Committee included the approved increase in the Department's supplemental bill (SB19-111); however, the increase was subsequently amended out thus causing the overexpenditure.

- Community Corrections Placements – The Department of Public Safety overspent this line item by $0.2 million general funds. Community corrections provides a sentencing or placement alternative, in lieu of prison incarceration, for felony offenders. Community corrections services provided exceeded the total program appropriations by $0.2 million, which included a general fund overspend of $0.2 million. The program had appropriation transfer authority under Section 17-27-108(5), C.R.S., and maximized eligible appropriations to minimize the overexpenditure, but it could not cover the total amount thus causing the overexpenditure.

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

- None at June 30, 2019

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

- Highway Fund – The Department of Transportation had a deficit fund balance in this fund of $0.4 million as a result of net operating losses at the Department's print shop which is now closed.

- Debt Collection Fund – The Department of Personnel & Administration had a deficit fund balance in this fund of $0.2 million. Central Collections Services (CCS) spent the majority of Fiscal Year 2019 implementing a new collections system, which automated processes to create efficiency and accuracy, as most reporting and entry out of the old collection system was completed manually. The focus on the implementation of the system drew resources away from the standard day-to-day collecting activities, and was a component of why the program had trouble recovering this fiscal year. The system implementation required the dedication of substantial staff resources, which had an impact on the program's ability to collect revenue. Additionally, recent statutory changes and waivers have allowed for clients that typically had high value debt the ability to opt-out of the program, leaving low value debt to be forwarded to CCS, and as a direct result, a reduction of revenue for the CCS occurred, which created the deficit fund balance.

The deferral of Medicaid expenditures and revenues for budget purposes only is authorized in Section 25.5-8-108(5), C.R.S. However, those expenditures are recognized in the current fiscal year for financial statement presentation under Generally Accepted Accounting Principles (GAAP). The recognition of those expenditures on the GAAP basis resulted in fund balance deficits. Because the budget deferral that caused the GAAP deficit fund balance is in compliance with statute, no restriction of Fiscal Year 2020 spending authority is recommended. The following cash funds were in a deficit fund balance position as a result of Department of Health Care Policy and Financing Medicaid activity as of June 30, 2019:

- Medicaid Buy-In Cash Fund - $0.2 million
- Health Care Expansion Fund - $2.4 million

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

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

In the 2005 general election, voters approved Referendum C, a statutory measure referred to the ballot by the Legislature that authorized the State to retain revenues in excess of the limit for the five fiscal years from 2006 through

2010. With the end of the Referendum C five-year excess revenue retention period, the State is subject to an Excess State Revenue Cap (ESRC), which began in Fiscal Year 2011. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds. The beginning base for the ESRC was the highest adjusted TABOR revenue during the five-year period, which occurred in Fiscal Year 2008.

In Fiscal Year 2015 a TABOR refund was due to taxpayers. Revenue subject to TABOR that year was $12,530.8 million, which exceeded the ESRC of $12,361.0 million by $169.7 million. The total refund payable triggered by the excess revenue was $169.7 million plus $3.6 million of understated and un-refunded amounts from prior years, or $173.3 million. Since Fiscal Year 2015, various corrections to revenue for that year have resulted in a $14.0 million reduction in the amount originally calculated.

In Fiscal Year 2018 revenue subject to TABOR was $13,720.9 million, which exceeded the $13,702.4 million ESRC by $18.5 million and by $2,500.1 million over the original TABOR limit. With the addition of Fiscal Year 2018 excess revenue to the $21.3 million left from the Fiscal Year 2015 refund payable, the State's liability for TABOR refunds increased to $39.8 million at June 30, 2018. In Fiscal Year 2019, the State discovered $2.9 million in under-reported nonexempt revenue from Fiscal Year 2018, which has been added to the June 30, 2019 refund payable.

In April 2019, $18.5 million of the excess revenue from Fiscal Year 2018, plus $21.0 million of the remaining Fiscal Year 2015 payable, were refunded indirectly to taxpayers as a reimbursement to local governments under the homestead exemption for qualifying senior citizens and disabled veterans. Through Fiscal Year 2019 the State has returned $177.5 million of the Fiscal Year 2015 and Fiscal Year 2018 excess revenue to taxpayers, leaving $3.3 million to refund at June 30, 2019.

In Fiscal Year 2019 revenue subject to TABOR was $14,788.4 million, which exceeded the $14,360.1 million ESRC by $428.3 million and by $3,029.1 million over the original TABOR limit. With the addition of Fiscal Year 2019 excess revenue to the $3.3 million left from the Fiscal Year 2015 and Fiscal Year 2018 amounts payable, the State's liability for TABOR refunds increased to $431.7 million at June 30, 2019.

Since the inception of Referendum C in Fiscal Year 2006 the State has retained $21,816.0 million (unadjusted for prior year errors) – $3,593.6 million during the initial five-year revenue retention period, and an additional $18,222.4 million as a result of the higher ESRC limit in Fiscal Year 2011 through Fiscal Year 2019.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. The estimated reserve amount for Fiscal Year 2019 was based on the March 2018 revenue projection prepared by the Legislative Council. In the Long Appropriations Act, the funds designated below and the maximum balances from each, constitute the reserve.

At June 30, 2019, the financial net positions, or fund balances of the following funds were restricted:

- Major Medical Fund, a portion of the nonmajor Labor Fund – $74.0 million maximum set in the Long Appropriations Act. At June 30, 2019, the fund's net assets were less than $74.0 million. Available cash and investments totaling $70.6 million were restricted.
- Wildlife Cash Fund, a portion of the nonmajor Parks and Wildlife Enterprise Fund – $34.0 million.
- Perpetual base account of the Severance Tax Fund, a portion of the major Resource Extraction Fund – $33.0 million.
- Colorado Water Conservation Board Construction Fund, a portion of the major Resource Extraction Fund – $33.0 million.
- Controlled Maintenance Trust Fund, a portion of the major General Fund – $94.0 million maximum set in the Long Appropriations Act. At June 30, 2019, the fund's net assets were less than $94.0 million. Operating cash totaling $54.6 million was restricted. During the fiscal year, $39.0 million was transferred from the Controlled Maintenance Trust Fund to the Disaster Emergency Fund, through twelve executive orders, to pay for the costs of fighting wildfires across the State. In addition, $0.5 million was transferred from the trust fund to the Wildfire Emergency Response Fund due to the costs of exceptional fire risk.
- Unclaimed Property Tourism Promotion Trust Fund, a portion of the nonmajor Private Purpose Trust Fund – $5.0 million.

The 2018 legislative session Long Appropriations Act also designated up to $160.3 million of State properties as the remainder of the emergency reserve.

Based on actual fiscal year nonexempt revenues in Fiscal Year 2019 the required reserve was $443.7 million. Because the actual reserve requirement was more than the net assets of the Major Medical and Controlled Maintenance Trust funds and the maximum amounts designated for the other funds – including the State properties – the total amount restricted for the reserve was less than the combined maximums allowable in the designated funds as detailed above. The amount restricted for the reserve was $53.2 million less than required by the State Constitution. In the event of an emergency that exceeded the financial assets in the reserve, the designated Wildlife Cash Fund capital assets and general capital assets would have to be liquidated to meet the constitutional requirement.

NOTE 3 – CASH, 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 $1,890.5 million in the Treasurer's pool as of June 30, 2019. Under the GASB Statement No. 40 definitions, $46.4 million of the State's total bank balance of $1,867.4 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the State's name.

RECEIVABLES

The Taxes Receivable of $1,838.0 million shown on the government-wide *Statement of Net Position* in current assets net of long-term taxes receivable of $250.4 million, primarily comprises the following:

- $1,934.1 million in the General Purpose Revenue Fund, mainly self-assessed income and sales tax. This amount includes $250.4 million of Taxes Receivable expected to be collected after one year that are reclassified on the *Governmental Funds Balance Sheet Reconciled to Statement of Net Position* so they can be reported as Other Long-Term Assets on the government-wide *Statement of Net Position*.

- $115.3 million of unemployment insurance premiums receivable primarily recorded in the Unemployment Insurance Fund.

- $36.8 million recorded in non-major special revenue funds, which include approximately $13.5 million from gaming tax and $19.0 million from insurance premium tax.

Restricted Receivables of $445.4 million shown for Governmental Activities on the government-wide *Statement of Net Position* in non-current assets related primarily to $2.8 million of taxes receivable, $151.5 million of other receivables, and $289.9 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 $1,478.6 million shown on the government-wide *Statement of Net Position* are net of $263.4 million in allowance for doubtful accounts and primarily comprise the following:

- $530.5 million of receivables recorded in the General Fund, of which $30.2 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $479.1 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $5.7 million of patient receivables.

- $558.3 million of student and other receivables of Higher Education Institutions.

- $153.3 million of receivables recorded by the Department of Health Care Policy and Financing in the Colorado Healthcare Affordability and Sustainability Enterprise Fund related primarily to rebates from drug companies associated with prescriptions for Medicaid clients.

INVENTORIES

Inventories of $159.6 million shown on the government-wide *Statement of Net Position* at June 30, 2019, primarily comprise the following:

- $80.8 million of resale inventories, of which Resource Extraction recorded $34.7 million, Higher Education Institutions recorded $33.5 million, and Highway Users Tax Fund recorded $9.2 million.

- $59.6 million of consumable supplies inventories, of which $37.3 million was recorded by Resource Extraction Fund, $10.0 million was recorded by the Higher Education Institutions, $8.4 million was recorded by the Highway Users Tax Fund, $2.3 million by the General Purpose Revenue Fund, and $0.7 million by Parks and Wildlife, and $0.5 million by Central Services Fund, an internal service fund.

- $11.3 million of manufacturing inventories recorded by Correctional Industries, a nonmajor enterprise fund.

PREPAIDS, ADVANCES, AND DEPOSITS

Prepaids, Advances, and Deposits of $131.9 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

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

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

- $10.4 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.

- $24.5 million prepaid by Higher Educational Institutions, of which $4.2 million related to cash payments for library subscriptions at Colorado State University.

- $18.7 million prepaid to designated service organizations by the Department of Human Services from the Marijuana Tax Cash Fund primarily for behavioral health.

- $6.1 million of prize expense paid by the Colorado Lottery to a multistate organization related to participation in the Powerball lottery game.

- $8.1 million prepaid by the Governor's Office of Information Technology primarily for multi-year maintenance and licensing agreements.

OTHER LONG-TERM ASSETS

The $868.4 million shown as Other Long-Term Assets on the government-wide *Statement of Net Position* is primarily long-term taxes receivable and long-term loans. Long-term taxes receivable of $250.4 million recorded in the General Purpose Revenue Fund are not included as Other Long-Term Assets on the *Balance Sheet – Governmental Funds* but are shown in Taxes Receivable.

The $507.2 million of Other Long-Term Assets shown on the fund-level *Balance Sheet – Governmental Funds* is primarily related to loans issued by the Highway Users Tax Fund ($15.0 million), a non-major special revenue fund, and the Resource Extraction Fund ($442.0 million), a non-major special revenue fund. This balance primarily comprises water loan activity. The Water Conservation Board makes water loans from the Water Projects Fund, part of the Resource Extraction Fund, to local entities for the purpose of constructing water projects in the State.

The water loans are made for periods ranging from 10 to 30 years. Interest rates range from 2 to 6 percent for most projects, and they require the local entities or districts to make a yearly payment of principal and interest.

The $109.8 million shown as Other Long-term Assets on the *Statement of Net Position – Proprietary Funds* is primarily student loans issued by Higher Education Institutions but also includes livestock.

NOTE 4 – INVESTMENTS

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

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

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

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

The State Treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2019 and 2018, the treasurer had $97.2 million and $80.9 million at fair value, respectively, of GOCO's funds on deposit and invested.

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

As provided by State statute, the State Treasurer held $10.5 million of investment in residential mortgages representing payments of property taxes of certain elderly State citizen homeowners that qualify for the Property Tax Deferral Program. The investment is valued based on the outstanding principal and interest currently owed to the State as there is no quoted market price for these investments.

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

(Amounts in Thousands)

Footnote Amounts	Carrying Amount
Deposits (Note 3)	$ 1,890,516
Investments:	
Governmental Activities	11,298,425
Business-Type Activities	3,318,392
Fiduciary Activities	8,830,904
Plus: Cash in Clearing Accounts	90
Total	$ 25,338,327
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 7,299,175
Add: Warrants Payable Included in Cash	240,454
Total Cash and Pooled Cash	7,539,629
Add: Restricted Cash	3,373,824
Add: Restricted Investments	1,171,438
Add: Investments	13,253,436
Total	$ 25,338,327

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure, the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the State's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the State's name.

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

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

(Amounts in Thousands)

	Governmental Activities			
	Treasurer's Pool	General Fund	Other Governmental	Total
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Notes/Bonds	$ 816,832	$ -	$ 246,650	$ 1,063,482
U.S. Agency Securities (Not Explicitly Guaranteed)	1,084,049	-	78,490	1,162,539
Commercial Paper	1,601,607	-	-	1,601,607
Corporate Bonds	3,339,893	-	403,153	3,743,046
Municipal Bonds	10,083	-	3,087	13,170
Money Market Mutual Funds	515,000	-	6,753	521,753
Asset-Backed Securities	931,204	-	80,477	1,011,681
Mortgage-Backed Securities	255	-	162,387	162,642
Sovereigns/Supranationals	723,924	-	-	723,924
Equity Mutual Funds	-	-	219,007	219,007
Other	-	349,143	725,685	1,074,828
SUBTOTAL	9,022,847	349,143	1,925,689	11,297,679
SUBJECT TO CUSTODIAL CREDIT RISK				
Money Market Mutual Funds	-	-	746	746
SUBTOTAL	-	-	746	746
TOTAL	$ 9,022,847	$ 349,143	$ 1,926,435	$ 11,298,425

The following table lists the investments of the major enterprise funds, nonmajor enterprise funds in aggregate, and fiduciary funds by investment type at fair value as of June 30, 2019. The University of Colorado, Colorado State University, and the Colorado School of Mines reported investments in the internal pools of their respective foundations. These investments are reported as Investment in Foundation Pool.

(Amounts in Thousands)

	Business-Type Activities			Fiduciary
	Higher Education Institutions	Other Enterprises	Total	Fiduciary
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Bills	$ 18,659	$ -	$ 18,659	$ 663
U.S. Treasury Notes/Bonds	174,893	-	174,893	-
U.S. Agency Securities (Not Explicitly Guaranteed)	70,752	-	70,752	18,487
Commercial Paper	2,008	-	2,008	-
Corporate Bonds	192,678	-	192,678	-
Municipal Bonds	114	-	114	-
Money Market Mutual Funds	286,788	355	287,143	-
Bond Mutual Funds	58,526	12,780	71,306	10,309
Asset-Backed Securities	126,422	-	126,422	-
Investment In Foundation Pool	447,831	-	447,831	-
Mortgage-Backed Securities	115,699	-	115,699	-
Guaranteed Investment Contracts	24,192	-	24,192	-
Corporate Equities	2,798	-	2,798	-
Private Equities	-	-	-	3,244
Equity Mutual Funds	796,154	-	796,154	22,366
Other	293,938	18,306	312,244	25,385
SUBTOTAL	2,611,452	31,441	2,642,893	80,454
SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Bills	299	-	299	3,805
U.S. Treasury Notes/Bonds	46,783	-	46,783	-
U.S. Agency Securities (Explicitly Guaranteed)	9,673	-	9,673	-
U.S. Agency Securities (Not Explicitly Guaranteed)	14,725	-	14,725	-
Corporate Bonds	152,125	-	152,125	9,217
Municipal Bonds	15,235	-	15,235	1,467
Money Market Mutual Funds	442	-	442	891,269
Bond Mutual Funds	107,685	-	107,685	3,164,713
Asset-Backed Securities	56,663	-	56,663	888
Investment In Foundation Pool	46,412	-	46,412	-
Mortgage-Backed Securities	41,925	-	41,925	8,499
Guaranteed Investment Contracts	-	-	-	142,227
Corporate Equities	6,649	-	6,649	-
Private Equities	2,761	-	2,761	-
International Equities	55,230	-	55,230	-
Equity Mutual Funds	116,583	-	116,583	4,527,938
Balanced Mutual Funds	42	-	42	-
Other	2,267	-	2,267	427
SUBTOTAL	675,499	-	675,499	8,750,450
TOTAL	$ 3,286,951	$ 31,441	$ 3,318,392	$ 8,830,904

Credit Quality Risk

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

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

The fair value amount of rated and unrated debt securities is detailed in the following table by the lowest known credit quality rating, which shows the Treasurer's 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	Money Market Mutual Funds	Bond Mutual Funds	Other	Total
Treasurer's Pool:								
Long-term Ratings								
Aaa/AAA/AAA	$ -	$ -	$ 55,676	$ 931,204	$ 515,000	$ -	$ 282,203	$ 1,784,083
Aa/AA/AA	1,084,049	1,601,607	533,806	-	-	-	452,060	3,671,522
A/A/A	-	-	2,403,791	-	-	-	-	2,403,791
Baa/BBB/BBB	-	-	346,620	-	-	-	-	346,620
Total T-Pool	1,084,049	1,601,607	3,339,893	931,204	515,000	-	734,263	8,206,016
Higher Education Institutions:								
Long-term Ratings								
Aaa/AAA/AAA	29,224	-	4,462	156,323	256,513	6,652	5,706	458,880
Aa/AA/AA	19,722	-	31,689	12,146	-	92,495	8,600	164,652
A/A/A	248	-	129,291	354	-	-	416	130,309
Baa/BBB/BBB	-	-	166,015	3,371	-	-	-	169,386
Ba/BB/BB	-	-	8,841	194	-	-	-	9,035
B/B/B	-	-	-	804	-	-	-	804
Caa/CCC/CCC	-	-	-	2,169	-	-	-	2,169
Ca/D/DDD	-	-	-	556	-	-	-	556
Short-term Ratings								
P1/MIG1/A-1/F-1	-	2,008	-	-	-	-	-	2,008
Unrated	36,092	-	3,258	7,167	226,241	58,191	82,219	413,168
Total Higher Ed	85,286	2,008	343,556	183,084	482,754	157,338	96,941	1,350,967
Fiduciary Funds:								
Long-term Ratings								
Aaa/AAA/AAA	-	-	-	888	-	-	316	1,204
Aa/AA/AA	18,686	-	1,003	-	-	5,109	875	25,673
A/A/A	-	-	4,277	-	-	5,200	276	9,753
Baa/BBB/BBB	-	-	3,694	-	-	-	-	3,694
Unrated	8,300	-	243	-	891	3,164,713	142,227	3,316,374
Total Fiduciary	26,986	-	9,217	888	891	3,175,022	143,694	3,356,698
All Other Funds:								
Long-term Ratings								
Aaa/AAA/AAA	-	-	22,138	78,995	-	-	-	101,132
Aa/AA/AA	78,490	-	108,763	443	746	-	165,572	354,014
A/A/A	-	-	153,084	-	-	-	-	153,084
Baa/BBB/BBB	-	-	104,902	805	-	-	-	105,707
Ba/BB/BB	-	-	13,262	-	-	-	-	13,262
B/B/B	-	-	1,005	-	-	-	-	1,005
Unrated	-	-	-	235	355	12,780	10,752	24,122
Total Other	78,490	-	403,154	80,478	1,101	12,780	176,324	752,326
Total	$ 1,274,811	$ 1,603,615	$ 4,095,820	$ 1,195,654	$ 999,746	$ 3,345,140	$ 1,151,222	$ 13,666,007

Interest Rate Risk

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

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

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

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

	Treasurer's Pool		Higher Education Institutions		Fiduciary Funds		All Other Funds	
Investment Type	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity	Fair Value Amount	Weighted Average Maturity
U.S. Treasury Bills/Notes/Bonds	$ 816,832	0.840	$ 236,144	5.877	$ 3,805	2.601	$ 246,650	11.599
U.S. Agency Securities	1,084,049	0.306	252,356	23.048	26,986	5.337	78,490	7.815
Bond Mutual Funds	-	-	150,038	7.408	10,309	10.410	12,780	4.398
Commercial Paper	1,601,607	0.125	2,008	0.109	-	-	-	-
Corporate Bonds	3,339,893	2.572	340,964	7.120	9,217	3.089	403,153	6.694
Repurchase Agreements	-	-	56,471	1.044	-	-	-	-
Certificates of Deposit	-	-	869	0.959	-	-	-	-
Asset-Backed Securities	931,204	2.161	183,049	16.816	888	0.131	80,477	1.672
Money Market Funds	515,000	-	-	-	891,269	0.058	355	0.071
Municipal Bonds	10,083	2.000	15,349	4.301	1,467	0.340	3,087	1.000
Mortgage-Backed Securities	255	0.819	-	-	-	-	162,387	6.010
Other	723,924	0.915	24,192	1.250	-	-	-	-
Total Investments	$ 9,022,847		$ 1,261,440		$ 943,941		$ 987,379	

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

The CollegeInvest program has investments reported in the College Savings Plan, a Private Purpose Trust Fund. CollegeInvest uses duration to manage the interest rate risk of selected mutual funds in the College Savings Plan. CollegeInvest's Private Purpose Trust Fund holds inflation protected bond mutual funds for $326.6 million with a duration of 8.7 years and a short-term inflation protected securities index fund for $67.5 million with a duration of 2.7 years. These securities are excluded from the duration table below because interest rate risk is effectively mitigated by the inflation protection attribute of the funds.

(Dollar Amounts in Thousands, Duration in Years)

	Fair Value Amount	Duration
Enterprise Funds:		
Higher Education Institutions:		
Colorado School of Mines:		
Bond Mutual Fund-1	$ 1,067	5.900
Bond Mutual Fund-2	693	1.400
Bond Mutual Fund-3	727	0.700
Colorado Mesa University:		
U.S. Agency Securities	$ 178	2.179
Corporate Bonds	106	0.417
Asset-Backed Securities	35	2.480
Mortgage-Backed Securities	50	2.023
Private Purpose Trust Funds:		
CollegeInvest:		
Bond Mutual Fund-1	$ 1,049,485	6.000
Bond Mutual Fund-2	506,104	6.200
Bond Mutual Fund-3	804,403	1.900
Bond Mutual Fund-4	279,292	8.100
Bond Mutual Fund-5	61,129	4.200
Bond Mutual Fund-6	65,076	6.000
Bond Mutual Fund-7	5,059	6.400

Foreign Currency Risk

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

Concentration of Credit Risk

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

Fair Value Measurements

To the extent available, the State's investments are recorded at fair value as of June 30, 2019. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

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

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

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

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

The following table summarizes the State's investments within the fair value hierarchy at June 30, 2019:

(Amounts in Thousands)

	Fair Value as of June 30, 2019	Fair Value Measurements Using: Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
U.S. Treasury Bills	$ 23,426	$ 22,956	$ 470	$ -
U.S. Treasury Notes/Bonds	1,285,158	1,154,865	130,293	-
U.S. Agency Securities (Explicitly Guaranteed)	9,673	-	9,673	-
U.S. Agency Securities (Not Explicitly Guaranteed	1,266,502	689,525	576,977	-
Commercial Paper	1,603,615	-	1,603,615	-
Corporate Bonds	4,097,066	17,008	4,080,049	9
Municipal Bonds	29,986	2,208	27,778	-
Money Market Mutual Funds	1,475,554	1,468,801	6,753	-
Bond Mutual Funds	3,354,013	3,354,013	-	-
Asset-Backed Securities	1,195,653	1,860	1,191,321	2,472
Mortgage-Backed Securities	328,766	19,056	309,444	266
Sovereigns/Supranationals	723,924	-	723,924	-
Guaranteed Investment Contracts	166,419	24,192	-	142,227
Investment in Foundation Pool	494,243	-	-	494,243
Corporate Equities	9,447	9,447	-	-
Private Equities	3,244	-	-	3,244
International Equities	55,230	55,230	-	-
Equity Mutual Funds	5,682,048	5,682,042	6	-
Balanced Mutual Funds	42	42	-	-
Other	1,124,333	10,495	18,306	1,095,532
Total	$ 22,928,342	$ 12,511,740	$ 8,678,609	$ 1,737,993
Total investments measured at NAV	234,348			
Total other investments not valued at fair value	285,031			
Total	$ 23,447,721			

On June 30, 2019, the University of Colorado held an investment in an equity trust valued at $234.3 million. The value was determined using the University's Net Asset Value (NAV) per share in the equity trust. The assets held by the trust could be sold at an amount different than the NAV per share due to the liquidation policies in the trust's investor agreements. Redemption frequencies for these funds range from one to 30 days and there were no unfunded commitments as of June 30, 2019.

The University of Colorado also held investments in a repurchase agreement with a contract value of $56.5 million and private equities measured at a cost of $2.8 million. It is the State's policy to report money market fund investments at fair market value unless the institution managing the investment reports its value at amortized cost. At June 30, 2019, the University of Colorado held $225.7 million of money market funds valued at amortized cost.

Treasurer's Investment Pool

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

NOTE 5 – CAPITAL ASSETS

During Fiscal Year 2019, the State capitalized $25.9 million of interest incurred during the construction of capital assets. The majority of this capitalized interest was for the Department of Transportation's Bridge Enterprise of $14.4 million, and the High Performance Transportation Enterprise of $7.0 million. The remainder was attributable to Institutions of Higher Education of $4.5 million.

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

(Amounts in Thousands)

GOVERNMENTAL ACTIVITIES	Depreciation Amount
General Government	$ 48,811,927
Business, Community and Consumer Affairs	2,947,433
Education	39,376,099
Health and Rehabilitation	15,371,105
Justice	48,122,382
Natural Resources	2,514,648
Social Assistance	19,702,152
Transportation	345,541,694
Total Depreciation Expense - Governmental Activities	522,387,440
BUSINESS-TYPE ACTIVITIES	
Higher Education	458,804,045
Parks and Wildlife	12,436,482
State Nursing Homes	2,028,097
Unemployment Insurance	2,399,841
Transportation	17,864,756
Other Enterprise Funds	2,449,210
Total Depreciation Expense - Business-Type Activities	495,982,431
Total Depreciation Expense Primary Government	$ 1,018,369,871

The schedule on the following page shows the capital asset activity during Fiscal Year 2019. The schedule shows that $330.3 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $657.3 million of construction in progress were completed and added to capital assets for Business Type activities. These amounts are net of additions.

(Amounts in Thousands)	Beginning Balance	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	117,817	$ 637	$ -	$ (469)	$ 117,985
Land Improvements	7,455	-	297	-	7,752
Collections	10,978	235	-	-	11,213
Other Capital Assets	2,136	-	-	-	2,136
Construction in Progress (CIP)	771,863	539,483	(350,654)	(2,878)	957,814
Infrastructure	1,004,036	582	20,088	-	1,024,706
Total Capital Assets Not Being Depreciated	1,914,285	540,937	(330,269)	(3,347)	2,121,606
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	58,903	1,096	8,799	(17)	68,781
Buildings	3,386,623	29,199	43,179	(95,393)	3,363,608
Software	501,784	1,811	45,483	(7,639)	541,439
Vehicles and Equipment	987,183	258,839	999	(266,886)	980,135
Library Materials and Collections	6,269	361	-	(1,023)	5,607
Other Capital Assets	37,372	21	-	(185)	37,208
Infrastructure	12,180,948	28	231,809	(5,140)	12,407,645
Total Capital Assets Being Depreciated	17,159,082	291,355	330,269	(376,283)	17,404,423
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(36,700)	(2,511)	-	13	(39,198)
Buildings	(1,124,762)	(89,017)	-	12,829	(1,200,950)
Software	(273,975)	(43,521)	-	4,751	(312,745)
Vehicles and Equipment	(607,895)	(67,551)	-	73,336	(602,110)
Library Materials and Collections	(4,704)	(382)	-	1,023	(4,063)
Other Capital Assets	(36,724)	(107)	-	186	(36,645)
Infrastructure	(4,789,042)	(319,298)	-	945	(5,107,395)
Total Accumulated Depreciation	(6,873,802)	(522,387)	-	93,083	(7,303,106)
Total Capital Assets Being Depreciated, net	10,285,280	(231,032)	330,269	(283,200)	10,101,317
TOTAL GOVERNMENTAL ACTIVITIES	12,199,565	309,905	-	(286,547)	12,222,923
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	599,798	30,518	3,116	(2,708)	630,724
Land Improvements	16,861	-	4,301	(4,301)	16,861
Collections	29,331	2,907	-	(58)	32,180
Construction in Progress (CIP)	1,094,137	725,173	(672,619)	15,618	1,162,309
Other Capital Assets	15,461	-	-	-	15,461
Infrastructure	87,547	-	7,894	-	95,441
Total Capital Assets Not Being Depreciated	1,843,135	758,598	(657,308)	8,551	1,952,976
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	810,008	1,763	35,732	(720)	846,783
Buildings	9,731,819	25,240	482,735	(497)	10,239,297
Software	216,497	3,976	1,187	(1,020)	220,640
Vehicles and Equipment	1,200,967	99,287	4,665	(34,694)	1,270,225
Library Materials and Collections	594,240	24,264	-	(9,887)	608,617
Other Capital Assets	3,770	-	-	-	3,770
Infrastructure	1,028,393	4,258	132,990	-	1,165,641
Total Capital Assets Being Depreciated	13,585,694	158,788	657,309	(46,818)	14,354,973
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(421,709)	(34,477)	-	193	(455,993)
Buildings	(3,521,915)	(319,375)	-	(2,573)	(3,843,863)
Software	(182,837)	(11,309)	-	547	(193,599)
Vehicles and Equipment	(879,046)	(88,890)	-	31,914	(936,022)
Library Materials and Collections	(461,653)	(22,560)	-	9,840	(474,373)
Other Capital Assets	(1,785)	(121)	-	-	(1,906)
Infrastructure	(88,410)	(19,250)	-	-	(107,660)
Total Accumulated Depreciation	(5,557,355)	(495,982)	-	39,921	(6,013,416)
Total Capital Assets Being Depreciated, net	8,028,339	(337,194)	657,309	(6,897)	8,341,557
TOTAL BUSINESS-TYPE ACTIVITIES	9,871,474	421,404	1	1,654	10,294,533
TOTAL CAPITAL ASSETS, NET	$ 22,071,039	$ 731,309	$ 1	$ (284,893)	$ 22,517,456

NOTE 6 – DEFINED BENEFIT PENSIONS

Recent Legislative Changes

Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years w*as signed into law on June 4, 2018. A brief description of some of the major changes to plan provisions required by SB 18-200 are noted below. The full text of the bill is available at www.leg.colorado.gov.

- Increases employer contribution rates by 0.25 percent on July 1, 2019.
- Increases employee contribution rates by 2 percent (phased in over a period of 3 years starting on July 1, 2019).
- As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million annually to PERA starting on July 1, 2018. The annual recurring direct distribution payments are allocated by PERA to the State Division Trust Fund (SDTF), Judicial Division Trust Fund (JDTF), School Division Trust Fund, and the Denver Public Schools (DPS) Division Trust Fund based on the proportionate amount of annual payroll associated with these four trusts. The table below presents the allocation of the direct distribution made on July 1, 2018.

PERA Division Trust	Allocation
(amounts in actual dollars)	
State	$ 78,488,543
Judicial	1,384,837
School	126,504,713
Denver Public Schools	18,621,907
Total Direct Distribution	$ 225,000,000

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the State, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years.
- For the SDTF, expands eligibility to participate in the PERA DC Plan to certain new members hired on or after January 1, 2019, who are classified State College and University employees. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the SDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

Effect of Recent Legislative Changes

The $225 million direct distribution, as allocated according to the preceding table, created a special funding situation as defined by Statement No. 68 of the Governmental Accounting Standards Board – *Accounting and Financial Reporting for Pensions*. The State of Colorado, as a financial reporting entity covered by this report, is a participating employer in the SDTF and the JDTF along with participating employers outside the State's financial reporting entity. The amounts allocated to the SDTF and the JDTF are therefore part employer contributions and part contributions from a governmental nonemployer contributing entity. The State is not a participating employer in the School and DPS Divisions, therefore all contributions from the direct distribution allocated to the School and DPS Divisions are contributions from a governmental nonemployer contributing entity. Contributions from the State as a governmental nonemployer contributing entity reduce the proportionate share of participating employers not included in the State's financial reporting entity. The State reports a proportionate share of the net pension liability, deferred outflows, deferred inflows, and pension expense associated with its contributions as a participating employer of the SDTF and JDTF. Beginning with the fiscal year covered by this report, the State also reports a proportionate share of the net pension liability, deferred outflows, deferred inflows, and expense to aid other governments related to contributions made by the State as a governmental nonemployer contributing entity.

The following disclosures include information on the SDTF, JDTF, School, and DPS Divisions. Disclosures are applicable to all four division trust funds unless noted otherwise.

Significant Accounting Policies
The State of Colorado is a participating employer in the SDTF and the JDTF, both cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees' Retirement Association of Colorado ("PERA"). The State of Colorado is also a governmental nonemployer contributing entity in the SDTF, JDTF, School, and DPS Divisions. The net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, aid to other governments, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of the SDTF, JDTF, School, and DPS Divisions have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plans
Eligible employees of the State of Colorado receive a pension benefit through the SDTF and the JDTF, both cost-sharing multiple-employer defined benefit pension plans administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. The Colorado General Assembly may amend Title 24, Article 51 of the C.R.S. PERA issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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

The lifetime retirement benefit for all eligible retiring employees under the DPS benefit structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.
Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019 for all benefit recipients. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF and for the JDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For the SDTF, State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. For the JDTF, the five year requirement is not applicable to active judges. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions
Eligible employees and the State are required to contribute to the SDTF and to the JDTF at rates established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee and employer contribution rates for the period January 1, 2018 through June 30, 2019 are presented in the following tables:

	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employee contribution (except State Troopers)	8.00%	8.00%
State Troopers only	10.00%	10.00%

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

The employer contribution requirements for all employees except State Troopers are summarized in the table below:

State Division Trust Fund	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	10.15%	10.15%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF	9.13%	9.13%
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%
Total employer contribution rate to the SDTF	**19.13%**	**19.13%**

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	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	12.85%	12.85%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF	11.83%	11.83%
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%
Total employer contribution rate to the SDTF	**21.83%**	**21.83%**

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

Judicial Division Trust Fund	January 1, 2018 Through December 31, 2018	January 1, 2019 Through June 30, 2019
Employer contribution rate	13.66%	13.66%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the JDTF	12.64%	12.64%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	3.40%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	3.40%
Total employer contribution rate to the JDTF	**16.34%**	**19.44%**

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

As specified in C.R.S. § 24-51-413, the State is required to contribute $225 million annually to PERA starting on July 1, 2018. The direct distribution payment is allocated to the SDTF and to the JDTF based on the proportionate amount of annual payroll of the SDTF and of the JDTF to the total annual payroll of the SDTF, JDTF, School Division Trust Fund, and the DPS Division Trust Fund. A portion of the direct distribution allocated to the SDTF and to the JDFT is a contribution from a governmental nonemployer contributing entity for financial reporting purposes.

Employer contributions are recognized by the SDTF and by the JDTF in the period in which the compensation becomes payable to the member and the State is statutorily committed to pay the contributions to the SDTF and to the JDFT. Employer contributions made by the State to the SDTF and to the JDTF were $639.5 million and $10.0 million, respectively, for the year ended June 30, 2019.

Net Pension Liability

The net pension liability for the SDTF and for the JDTF were measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total pension liability to December 31, 2018. The State's proportion of the net pension liability of the SDTF and of the JDTF is based on the State's contributions to the SDTF and to the JDTF for calendar year 2018 relative to the total contributions of all participating employers and the nonemployer contributions made by the State to the SDTF and to the JDTF.

At June 30, 2019, the State reported a total liability of $13.5 billion for its proportionate share of the net pension liability, which includes an increase in the liability from the prior year related to support from the State as a governmental nonemployer contributing entity. The amounts recognized by the State for its proportionate share of the net pension liability are as follows:

(Amounts in thousands)	PERA Division Trust Fund				
Proportionate share of the net pension liability attributable to:	State	Judicial	School	DPS	Total
State's own employees	$ 10,855,754	$ 132,873	-	-	$ 10,988,627
Employees of other governments	62,292	1,199	2,129,952	349,095	2,542,538
Total	$ 10,918,046	$ 134,072	$ 2,129,952	$ 349,095	$ 13,531,165

Proportionate Share

The State's proportions at December 31, 2017, December 31, 2018, and how the proportions increased are presented in the following table:

As a Participating Employer			
	Proportionate Share		
PERA Division Trust Fund	12/31/2017	12/31/2018	Increase
State	95.37%	95.40%	0.03%
Judicial	93.99%	94.06%	0.07%

As a Governmental Nonemployer Contributing Entity			
	Proportionate Share		
PERA Division Trust Fund	12/31/2017	12/31/2018	Increase
State	0.00%	0.55%	0.55%
Judicial	0.00%	0.85%	0.85%
School	0.00%	12.03%	12.03%
DPS	0.00%	34.13%	34.13%

Pension Expense & Aid to Other Governments

For the year ended June 30, 2019, the State recognized pension expense for its own employees and expense to aid other governments related to support provided by the State as a governmental nonemployer contributing entity. The components of expense are presented in the following table:

(Amounts in thousands)	PERA Division Trust Fund State	Judicial	School	DPS	Total
Pension expense*	$(551,848)	$ (8,488)	-	-	$(560,336)
Aid to other governments	28,951	260	839,888	32,040	901,139
Total	$(522,897)	$ (8,228)	$ 839,888	$ 32,040	$ 340,803

* Negative pension expense is attributable to an increase in the discount rate from the prior year. Refer to the following section on Actuarial Assumptions for additional information.

Deferred Outflows of Resources and Deferred Inflows of Resources

The State participates in the SDTF and the JDTF as both an employer and as a governmental nonemployer contributing entity. The following tables therefore segregate deferred outflows of resources and deferred inflows of resources between balances related to the State's own employees and balances related to employees of other governments. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

State Division Trust Fund

(Amounts in thousands)	Deferred Outflows of Resources Related to: 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	$ 310,517	$ 1,781	$ -	$ -
Changes of assumptions or other inputs	572,040	3,280	5,605,738	32,167
Net difference between projected and actual earnings on pension plan investments	547,984	3,146	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	142,845	60,916	146,096	10
Contributions subsequent to the measurement date	281,757	-	-	-
Total	$ 1,855,143	$ 69,123	$ 5,751,834	$ 32,177

Deferred outflows of resources of $281.7 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	(Amounts in thousands)
2020	(1,961,215)
2021	(2,509,284)
2022	27,092
2023	302,007
2024	-
Thereafter	-

Judicial Division Trust Fund

(Amounts in thousands)	Deferred Outflows of Resources Related to		Deferred Inflows of Resources Related to	
	State's Own Employees	Employees of Other Governments	State's Own Employees	Employees of Other Governments
Difference between expected and actual experience	$ 19,266	$ 174	$ -	$ -
Changes of assumptions or other inputs	15,447	139	83,406	753
Net difference between projected and actual earnings on pension plan investments	12,070	109	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	315	1,352	170	-
Contributions subsequent to the measurement date	4,736	-	-	-
Total	$ 51,834	$ 1,774	$ 83,576	$ 753

Deferred outflows of resources of $4.7 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	(Amounts in thousands)
2020	1,712
2021	(8,569)
2022	(17,055)
2023	(11,545)
2024	-
Thereafter	-

School & Denver Public Schools Division Trust Funds

The State participates in the School Division Trust Fund and the Denver Public Schools (DPS) Division Trust Fund as a governmental nonemployer contributing entity. Therefore, the deferred outflows of resources and deferred inflows of resources associated with the School and DPS Divisions relate only to employees of other governments.

(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	$ 72,250	$ 21,418	$ -	$ 343
Changes of assumptions or other inputs	397,565	24,708	1,324,601	7,828
Net difference between projected and actual earnings on pension plan investments	116,096	44,628	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,155,259	253,106	-	13
Total	$ 2,741,170	$ 343,860	$ 1,324,601	$ 8,184

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as expense to aid other governments as follows:

Year ended June 30:	(Amounts in thousands)
2020	846,684
2021	488,490
2022	282,263
2023	134,808
2024	-
Thereafter	

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division Trust Fund	Judicial Divison Trust Fund	School Division Trust Fund	DPS Divison Trust Fund
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.40 percent	2.40 percent	2.40 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent	1.10 percent	1.10 percent
Wage inflation	3.50 precent	3.50 precent	3.50 precent	3.50 precent
Salary increases, including wage inflation	3.50 - 9.17 percent	4.00 - 5.00 percent	3.50 - 9.70 percent	3.50 - 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Discount rate	4.72 percent	5.41 percent	4.78 percent	7.25 percent
Post-retirement benefit increases:				
PERA benefit structure hired prior to 1/1/07	2.00 percent compounded annually	2.00 percent compounded annually	2.00 percent compounded annually	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

The revised assumptions shown below are applicable to all division trusts and were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

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

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

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor for the SDTF and a 93 percent factor for JDTF, School, and DPS Divisions applied to rates for ages less than 80, a 108 percent factor for the SDTF and a 113 percent factor for the JDTF, School, and DPS Divisions applied to rates for ages 80 and above, and further adjustments for credibility.

- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor for the SDTF and a 68 percent factor for the JDTF, School, and DPS Divisions applied to rates for ages less than 80, a 109 percent factor for the SDTF and a 106 percent factor for the JDTF, School, and DPS Divisions applied to rates for ages 80 and above, and further adjustments for credibility.

*RP-2014 White Collar Healthy Annuitant Mortality Table used for Judicial, School and DPS Divisions

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

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

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

Several factors were considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	**100.00%**	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State will provide an annual direct distribution of $225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the fiduciary net position of the SDTF, JDTF, and the School Division were projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

As of the prior measurement date, the long-term expected rate of return on plan investments of 7.25 percent and the municipal bond index rate of 3.43 percent were used in the discount rate determination resulting in a discount rate of

4.72 percent, 5.41 percent, and 4.78 percent for the SDTF, JDTF and School Division, respectively. The discount rates are 2.53 percent, 1.84 percent, and 2.47 percent lower compared to the current measurement date for the SDTF, JDTF and School Division, respectively. There was no change in the discount rate from the prior measurement date for the DPS Division.

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

(Amount in thousands)	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
	Proportionate Share of the Net Pension Liability		
State Division Trust Fund	$ 13,573,011	$ 10,918,046	$ 8,671,704
Judicial Division Trust Fund	177,931	134,072	96,321
School Division Trust Fund	2,707,870	2,129,952	1,644,982
DPS Division Trust Fund	518,057	349,095	208,478

Pension plan fiduciary net position. Detailed information about the SDTF's fiduciary net position is available in PERA's CAFR which can be obtained at:
www.copera.org/investments/pera-financial-reports.

Payables to the PERA Defined Benefit Pension Plan

A short-term payable of $4.7 million existed at June 30, 2019 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 $30.2 million for the year ended June 30, 2019.

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

At June 30, 2019 the State reported a liability of $454.4 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The State's proportion of the net OPEB liability is based on contributions to the HCTF from the State for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

At December 31, 2018, the State's proportion was 33.40 percent, which was a decrease of 0.32 percent from its proportion measured as of December 31, 2017.

For the year ended June 30, 2019, the State recognized OPEB expense of $36.6 million. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of
Difference between expected and actual experience	$ 1,651	$ 691
Changes of assumptions or other inputs	3,187	-
Net difference between projected and actual earnings on pension plan investments	2,612	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	7,105	10,630
Contributions subsequent to the measurement date	15,012	-
Total	$ 29,567	$ 11,321

$15.0 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	(Amounts in thousands)
2020	$ 366
2021	366
2022	366
2023	2,195
2024	(56)
Thereafter	(4)

Actuarial Assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent

Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.25 percent for 2018, gradually rising to 5.00 percent in 2025
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

The actuarial assumptions used in the December 31, 2017, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$736	$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is $422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2017, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

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

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

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

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

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

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

The following health care costs assumptions were used in the measurement of the obligations for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2018 plan year.

- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
U.S. Equity – Large Cap	21.20%	4.30%
U.S. Equity – Small Cap	7.42%	4.80%
Non U.S. Equity – Developed	18.55%	5.20%
Non U.S. Equity – Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income – Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	**100.00%**	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Sensitivity to Changes in Health Care Cost Trend Rates

The following table presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

(Amounts in thousands)	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend
PERACare Medicare	4.00%	5.00%	6.00%
Initial Medicare Part A	2.25%	3.25%	4.25%
Ultimate Medicare Part A	4.00%	5.00%	6.00%
Net OPEB Liability	$441,817	$454,363	$468,794

Discount rate. The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.

- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Sensitivity to Changes in the Discount Rate

The following table presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

(Amount in thousands)	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 508,393	$ 454,363	$ 408,173

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at:
www.copera.org/investments/pera-financial-reports.

Payables to the PERA Health Care Trust OPEB Plan
A short-term payable of $248 thousand existed at June 30, 2019 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
The University-administered single-employer postemployment benefit (non-pension) program was established by the Board of Regents, who have the authority to amend the program provisions. Under this program, the University subsidizes a portion of healthcare and life insurance premiums for retirees on a pay-as-you-go basis. This program does not issue a separate financial report. The University adopted the provisions of GASB Statement No. 75 in Fiscal Year 2018.

Funded Status and Funding Progress
There are no assets accumulating in a trust for the University's OPEB plan. The University contributed $15.5 million for the year ended June 30, 2019.

The actuarial valuation for the Fiscal Year 2019 had a measurement date of June 30, 2018. All employees are eligible based on age and years of service. The valuation was based on the March 1, 2017 participant data, in which there were 19,146 participants in the medical/dental plan, with 17,143 active employees and 2,003 retirees and beneficiaries, and 23,984 participants in the life insurance plan, with 20,315 active employees and 3,669 retirees and beneficiaries.

The University recognized $53.3 million in OPEB expense for this plan in Fiscal Year 2019. The following details the changes in the University's total OPEB plan liability during Fiscal Year 2019:

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

		Total OPEB Liability
Balance recognized at June 30, 2018	$	746,773
Changes recognized for the fiscal year:		
Services cost		49,754
Interest on total OPEB liability		28,404
Differences between expected and actual experience		(1,728)
Changes of assumption		35,919
Benefit payments		(15,163)
Net changes		97,186
Balance recognized at June 30, 2019	$	843,959

Actuarial Methods and Assumptions.
Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal actuarial cost method is used. The discount rate used in the valuation is 3.85 percent as of the June 30, 2018 measurement, and is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The healthcare trend assumption reflects healthcare cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests a 7.00 percent long-term average increase for medical benefits, and an 11 percent increase for prescriptions, both trending down to a 4.50 percent increase for 2027 and later years. The dental trend rate is 4.00 percent, and the administrative expenses trend rate is 3.00 percent. The June 30, 2018 measurement date used the PUB-2010 Teachers Classification Table with generational projection using Scale MP-2018.

The valuation reflects the following assumption changes from the June 30, 2017 measurement date to the June 30, 2018 measurement date:

- Interest rate changed from 3.60 percent to 3.85 percent

- Mortality table was updated to reflect the Public Retirement Plans Mortality Tables Report issued by the Society of Actuaries in January 2019. The specific assumption used is the PUB-2010 Teachers Classification Table with generational projection using Scale MP-2018. The impact of this change was an increase in the University's total OPEB liability of about 8 percent.

The following table illustrates the impact of interest rate sensitivity on the University's total OPEB liability for Fiscal Year 2019:

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

	1% Increase (4.85%)	Discount Rate (3.85%)	1% Decrease (2.85%)
1% decrease	603,737	693,531	805,199
Health Care Trend Rates	725,144	843,959	994,103
1% increase	882,658	1,042,382	1,247,693

The following table illustrates the deferred outflows and inflows of resources as of June 30, 2019:

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

	2019	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	-	65,462
Changes in Assumptions	31,131	33,864
Contributions subsequent to the measurement date	15,461	-
Total	46,592	99,326

Between the June 30, 2018 measurement date of the University's total OPEB liability and the University's June 30, 2019 reporting date, the University made contributions of $15.5 million during FY 2019 that impacted the total OPEB liability and were treated as a deferred outflow of resources.

The following table lists the amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2019:

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

Date		Period			Balance		Annual
Established	Type of Base	Original	Remaining		Original	Remaining	Amortization
July 1, 2017	Liability experience	7.4	5.4	$	(87,654)	(63,964)	(11,845)
July 1, 2017	Assumption change	7.4	5.4		(46,406)	(33,864)	(6,271)
July 1, 2018	Liability experience	7.5	6.5		(1,728)	(1,498)	(230)
July 1, 2018	Assumption change	7.5	6.5		35,919	31,131	4,789
	Total Charges			$	(99,869)	(68,195)	(13,557)

The deferred outflows from contributions subsequent to the measurement date of $15.5 million will be recognized as a reduction to the University's OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows related to the University's OPEB liability will be recognized in OPEB expense as summarized in the table below:

Table 9.5
Future Amortization of University's OPEB
Deferred Outflows and Inflows *(in thousands)*

Years ending June 30:		
2020	$	(13,557)
2021		(13,557)
2022		(13,557)
2023		(13,557)
2024		(13,557)
2025-2026		(410)
Total	$	(68,195)

NOTE 8 – OTHER EMPLOYEE BENEFITS

A. MEDICAL AND DISABILITY BENEFITS

The Group Benefit Plans Fund is a Pension and Other Employee Benefits Trust Fund established for the purpose of risk financing employee and state-official medical claims. The fund includes several medical plan options ranging from provider of choice to managed care. The State uses a self-funded approach for certain employee and state-official medical claims. The State's contribution to the premium is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans.

The premiums, which are based on actuarial analysis, are intended to cover claims, reserves, third party administrator fees, stop-loss premiums and other external administration costs (such as COBRA and case management). Premiums also include a fee to offset the internal costs of administering the plan. Internal costs include developing plan offerings, maintaining the online benefits system, and communicating benefit provisions to employees. Employee healthcare premiums are allowed on a pretax basis under the State's Salary Reduction Plan Document. Effective July 1, 2013, premiums also included a fee to implement a statewide wellness program. During Fiscal Year 2019, covered employees who elected to participate in the wellness plan received a monthly health insurance premium credit of $20 depending on the level of participation.

The 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.

The State offers two statewide, self-funded PPO options administered by United Healthcare and two regional, fully-insured HMO options administered by Kaiser Permanente. Two of these medical options were HSA-qualified high-deductible health plans (HDHPs). Two statewide, dental PPO options administered by Delta Dental were also offered.

The Public Employees Retirement Association (PERA) covers short-term disability claims for State employees eligible under its retirement plan (see Note 6). The Group Benefit Plans Fund provides short-term disability coverage for employees not yet qualified for the retirement plan and secondary benefits for employees also covered under the PERA short-term disability plan.

B. DEFINED CONTRIBUTION RETIREMENT PLANS

PERAPlus 401(k) Plan

Plan Description - Employees of the State of Colorado that are also members of the SDTF may voluntarily contribute to the PERAPlus 401(k) Program (a voluntary investment program), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report which includes additional information on the Voluntary Investment Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The annual contribution limit for employees who participate in the 401(k) Plan increased from $18,500 in Calendar Year 2018 to $19,000 in Calendar Year 2019. The catch-up contribution limit for employees aged 50 and over who participate in the 401(k) Plan remains unchanged from the prior year of $6,000. Employees are immediately vested in their own contributions.

Defined Contribution Retirement Plan (DC Plan)

Plan Description – Employees of the State of Colorado that were hired on or after January 1, 2006 and employees of certain community colleges that were hired on or after January 1, 2008 which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). Senate Bil 18-200 expanded eligibility to participate in the PERA DC Plan to new employees hired on or after January 1, 2019, who are classified college and university employees in the State Division. The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's comprehensive annual financial report as referred to above.

Funding Policy – All participating employees in the PERA DC Plan, with the exception of State Troopers, are required to contribute 8.00 percent of their PERA-includable salary, and the State of Colorado is required to contribute 10.15 percent of PERA-includable salary on behalf of these employees. All participating State Troopers are required to contribute 10.00 percent of their PERA-includable salary, and the State of Colorado is required to contribute 12.85 percent of PERA-includable salary on behalf of these employees. Additionally, the State of Colorado is required to contribute AED and SAED to the SDTF as follows:

	As of June 30, 2019
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 [1]	5.00%
Total employer contribution rate to the SDTF[1]	**10.00%**

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.08 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. The State of Colorado recognized pension contributions of approximately $29.9 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, 2019, the University's contribution to the defined contribution retirement plan was equal to 10 percent of covered payroll, and the employee contribution was equal to 5 percent of covered payroll. The University's contribution under the ORP approximated $154.7 million during the year ended June 30, 2019.

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, 2019, 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 $51.1 million during the year ended June 30, 2019.

NOTE 9 – RISK MANAGEMENT

The State currently self-insures its agencies, officials, and employees for certain risks of loss to which they are exposed. These include general liability, motor vehicle liability, and workers' compensation. Per statute, individual Department property claims have a $5,000 deductible per occurrence. Pursuant to the Colorado Governmental Immunity Act, Section 24-10-101 C.R.S., claims that accrued before January 1, 2018 brought under state law are limited to $350,000 per person and $990,000 per accident. Claims that accrue after January 1, 2018 and before January 1, 2022 brought under state law are limited to $387,000 per person and $1,093,000 per accident. The Colorado Governmental Immunity Act requires the Secretary of State to certify adjusted limits for claims that accrue after January 1, 2022 by that date based on the percentage change of the consumer price index over the preceding four years. The Risk Management Fund is reported as a Special Purpose General Fund, and it is used to account for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the State.

Workers compensation losses are self-insured per the Risk Management Act (Section 24-30-1501, C.R.S.); the State has purchased $50.0 million of excess insurance per occurrence ($10.0 million deductible). Property claims are self-insured as well; $450.0 million of property loss insurance ($500,000 deductible). The State has also purchased excess liability coverage for automotive liability outside Colorado $5.0 million per occurrence ($2.0 million deductible), and $10.0 million of employee dishonesty and theft loss coverage ($250,000 deductible). Settlements have not exceeded insurance coverage in any of the three prior years.

All funds and agencies of the State, except for the University of Colorado, Colorado State University (not including CSU-Pueblo), the University of Northern Colorado, Colorado School of Mines, Fort Lewis College, Colorado Mesa University, Western State Colorado University, Adams State University and component units participate in the State Risk Management Fund. State agency premiums are based on an assessment of risk exposure and historical claims experience.

Claims are reported in the General Fund in accordance with GASB Interpretation No. 6, and therefore, related liabilities are only reported to the extent that they are due and payable at June 30. On the government-wide statements, risk management liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Those liabilities include an amount for claims that have been incurred but not reported and an adjustment for non-incremental claims expense that is based on current administrative costs as a percentage of current claims and projected to the total actuarial claims estimate.

Because actual claims liabilities depend on complex factors such as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. A contractor completes an actuarial study each year determining both the current and long-term liabilities of the Risk Management Fund.

Colorado employers, including the State, are liable for occupational injuries and diseases of their employees through workers' compensation insurance or self-insurance. Benefits are prescribed by the Workers' Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related injuries. The State is self-insured and uses the services of a third party administrator, Broadspire Services, to administer its plan. The State reimburses Broadspire the current cost of claims paid and related administrative expenses.

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $500,000 per individual. In Fiscal Year 2019, the

State recovered approximately $4.1 million related to the stop-loss insurance claims. The State's contribution to medical premiums is subject to appropriation by the legislature each year, and State employees pay the difference between the State's contribution and the premium required to meet actuarial estimates. Since the amount of the State's contribution is at the discretion of the legislature, employees ultimately bear the risk of funding the benefit plans. The claims and related liabilities are reported in the Group Benefit Plans, a Pension and Other Employee Benefits Trust Fund.

The State recorded approximately $9.4 million of insurance recoveries during Fiscal Year 2019. Of that amount approximately $1.0 million was related to asset impairments that occurred in prior years. The remaining $8.4 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $4.1 million, as noted above), a Pension and Other Employee Benefits Fund, and $2.1 million by Higher Education in the Higher Education Institutions Fund.

The University of Colorado is self-insured for workers' compensation, auto, and general and property liability. An actuarial projection is performed to estimate the self-insured plan's undiscounted liabilities. The University purchases excess insurance for losses over its self-insured retention of $500,000 per property claim, $1.5 million per worker's compensation claim, and $1.25 million per general liability claim. There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

University of Colorado tort claims are subject to the governmental immunity act, and damages are capped for specified waived areas at $350,000 per person and $990,000 per occurrence. There were no reductions of insurance coverage in Fiscal Year 2019, and settlements did not exceed insurance coverage in any of the three prior fiscal years.

The University of Colorado Graduate Medical Education Health Benefits Program is a comprehensive self-insurance health and dental benefits program for physicians in training at the University of Colorado Anschutz Medical Campus. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance of $325,000 per person. There were no reductions of insurance coverage in Fiscal Year 2019 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $295,301 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

The University of Colorado Denver also self-insures its faculty and staff for medical malpractice through the University of Colorado Self-Insurance Trust, consistent with the limits of governmental immunity. For claims outside of governmental immunity, the Trust has purchased stop-loss insurance to cover claims greater than $500,000 per claimant, $1.5 million per occurrence, and $8.0 million in aggregate annually. The discounted liability for malpractice is determined annually by an actuarial study. There was no significant reduction in insurance coverage in Fiscal Year 2019, however, the University collected $638,217 from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years.

Colorado State University is self-insured for employee medical and dental plans, but purchases re-insurance for healthcare claims over $275,000. The related liability is based on underwriting review of claims history and current data. The University is self-insured for worker's compensation up to $500,000 per occurrence and has purchased reinsurance for individual claims up to statutory limits. There was no significant reduction in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

The Colorado State University general liability claims arising out of employment practices are self-insured up to $500,000 per occurrence with excess insurance purchased for claims up to $10.0 million and additional insurance purchased for up to $15.0 million, for a total of $25.0 million per occurrence. The University is self-insured for property damage up to $100,000, but has purchased excess insurance providing coverage up to $1.0 billion per occurrence. The University carries cyber risk liability insurance up to $10.0 million ($250,000 deductible for cyber extortion and $10,000 deductible for crisis management and public relations). The University also purchased $1.0 million of international liability insurance, $50.0 million of aviation liability insurance ($1,000 deductible for each occurrence), a $30.0 million fine arts and special collections policy, and $1.0 million per occurrence of unmanned aerial vehicles liability insurance. The University also carries liability, professional liability, and pollution liability for the Center for Environmental Management Military Lands (CEMML) operations, including prescribed burn operations, which includes a primary layer of $2.0 million aggregate, an umbrella layer of $5.0 million, and an excess layer of $5.0 million. The University purchased additional limits of $40.0 million for CEMML operations including additional responsibility for prescribed burning. For Fiscal Year 2019, the University purchased additional limits of $1.0 million for social engineering coverage. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

The University of Northern Colorado manages general liability, professional liability, property, automobile, and worker's compensation risks primarily through the purchase of insurance. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2006.

The University has purchased $3.0 million of general liability insurance ($0 deductible), $3.0 million of professional liability insurance ($25,000 deductible), $1.0 million of automobile liability ($0 deductible), $3.0 million of errors and omissions insurance ($25,000 deductible), $3.0 million of employment practices liability ($25,000 deductible), $500,000 of worker's compensation insurance ($1,000 deductible), $1.0 million of employee fraud insurance ($5,000 deductible), $500.0 million of property insurance ($25,000 deductible), and $2.0 million umbrella liability ($10,000 self-insured retention). There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Colorado School of Mines manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($0 deductible). Before Fiscal Year 2018, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded coverage during the fiscal year.

Colorado School of Mines manages other liability risks through the purchase of insurance. The University purchased $2.0 million of general liability insurance ($0 deductible), $4.0 million of educator's legal liability insurance ($10,000 deductible), $1.0 million of automobile liability ($1,000 deductible), $1.0 million of fiduciary ($0 deductible), $4.0 million of employment practices liability ($25,000 deductible), $3.0 million of umbrella liability ($10,000 self-insured retention), $1.0 million of employee dishonesty ($10,000 deductible), $665.5 million of property ($100,000 deductible), $750,000 of inland marine ($5,000 deductible), and $1.0 million of aviation ($0 deductible). Before Fiscal Year 2018, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded coverage during the fiscal year.

Fort Lewis College manages worker's compensation risks primarily through the purchase of insurance. The College has purchased $500,000 of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2011, the College was covered under the State's risk management program. The College retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded insurance coverage in any of the three prior fiscal years.

Fort Lewis College manages general liability risks primarily through the purchase of insurance. The College has purchased blanket building and personal property insurance of $481.9 million ($10,000 deductible), $2.0 million of general liability ($0 deductible), $7.0 million of fine arts insurance ($2,500 deductible). The College has also purchased $1.0 million of employee dishonesty insurance ($10,000 deductible). Before Fiscal Year 2012, the College was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Colorado Mesa University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $1.0 million of worker's compensation insurance ($5,000 deductible). Before Fiscal Year 2011, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2010. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded insurance coverage in the past three fiscal years.

Colorado Mesa University manages general liability risks primarily through the purchase of insurance. The University has purchased $2.0 million of general liability insurance ($1,000 deductible). Before Fiscal Year 2012, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2011. There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased $500,000 of worker's compensation insurance ($500 deductible). Before Fiscal Year 2012, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2011 There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Western State Colorado University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability insurance of $2.0 million ($1,000 deductible for accidents and acts of nature, $10,000 for loss to property). Before Fiscal Year 2013, the University was covered under the State's risk management program. The University retains a small amount of self-insurance risk from taking over claims previously covered by State risk management from Fiscal Year 2013. There were no significant reductions in insurance coverage in Fiscal Year 2019, and the amount of settlements has not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages worker's compensation risks primarily through the purchase of insurance. The University has purchased worker's compensation insurance of $500,000 ($500 deductible). Before Fiscal Year 2012, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Adams State University manages general liability risks primarily through the purchase of insurance. The University has purchased general liability for auto, fidelity, liability and fire insurance of $1.0 million ($0 deductible) and $2.0 million aggregate. Before Fiscal Year 2012, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 2019 and settlements have not exceeded insurance coverage in any of the prior three fiscal years.

Changes in claims liabilities were as follows:

Changes in Claims Liabilities
(Amounts in Thousands)

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
State Risk Management:				
Liability Fund				
2018-19	$ 22,399	$ 4,007	$ 4,330	$ 22,076
2017-18	23,885	2,816	4,302	22,399
2016-17	24,926	3,054	4,095	23,885
Workers' Compensation				
2018-19	126,908	22,011	30,709	118,210
2017-18	134,393	23,503	30,988	126,908
2016-17	133,672	35,984	35,263	134,393
Group Benefit Plans:				
2018-19	18,459	246,177	243,701	20,935
2017-18	16,077	233,694	231,312	18,459
2016-17	15,766	201,105	200,794	16,077
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2018-19	16,769	9,512	6,973	19,308
2017-18	16,119	7,913	7,263	16,769
2016-17	16,726	7,388	7,995	16,119
University of Colorado Denver:				
Graduate Medical Education Health Benefits Program				
2018-19	2,689	13,856	13,713	2,832
2017-18	2,309	13,012	12,632	2,689
2016-17	1,666	10,357	9,714	2,309
Medical Malpractice				
2018-19	9,767	4,377	3,434	10,710
2017-18	9,428	1,451	1,112	9,767
2016-17	11,469	1,006	3,047	9,428
Colorado State University:				
Medical, Dental, and Disability Benefits and General Liability				
2018-19	30,548	62,504	58,077	34,975
2017-18	29,917	57,038	56,407	30,548
2016-17	26,760	54,124	50,967	29,917
University of Northern Colorado:				
General Liability, Property, and Workers' Compensation				
2018-19	78	36	59	55
2017-18	135	(25)	32	78
2016-17	355	(172)	48	135
Colorado School of Mines:				
General Liability, Property, and Workers' Compensation				
2018-19	295	-	39	256
2017-18	-	321	26	295

Changes in Claims Liabilities
(Amounts in Thousands)

(Continued) Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
Fort Lewis College:				
Workers' Compensation				
2018-19	2	4	-	6
2017-18	2	3	3	2
2016-17	-	5	3	2
General Liability				
2018-19	-	11	-	11
2017-18	3	(3)	-	-
2016-17	39	3	39	3
Colorado Mesa University:				
Workers' Compensation				
2018-19	29	42	19	52
2017-18	36	27	34	29
2016-17	220	(130)	54	36
General Liability				
2018-19	36	238	92	182
2017-18	-	18	(18)	36
2016-17	3	10	13	-

NOTE 10 – LEASES AND SHORT-TERM DEBT

LEASE COMMITMENTS

Management is authorized to enter lease or rental agreements for buildings and/or equipment. All leases contain clauses stipulating that continuation of the lease is subject to funding by the Legislature. Historically, these leases have been renewed in the normal course of business. Therefore, they are treated as non-cancellable for financial reporting purposes.

At June 30, 2019, the State had the following amounts of assets under capital lease:

	(Amounts in Thousands)		
Gross Capital Assets Under Lease:	Governmental Activities	Business-Type Activities	Total
Land	$ -	$ -	$ -
Buildings	54,936	20,379	75,315
Equipment and Other	279,447	34,493	313,940
Total Capital Assets Under Lease, Gross	334,383	54,872	389,255
Less Accumulated Depreciation:			
Buildings	(12,555)	(7,491)	(20,046)
Equipment and Other	(170,638)	(5,947)	(176,585)
Total Accumulated Depreciation	(183,193)	(13,438)	(196,631)
Total Capital Assets Under Lease, Net	$ 151,190	$ 41,434	$ 192,624

At June 30, 2019, the State expected future minimum sublease rentals relating to operating leases of $410,594 in business-type activities and $137,372 in governmental activities. No future minimum sublease rentals related to capital leases are expected.

During the year ended June 30, 2019, the State incurred no contingent rentals related to capital and operating leases.

For Fiscal Year 2019, the State recorded building and land rent of $64.1 million for governmental-type activities, $25.4 million for business-type activities, and $33,179 for fiduciary activities. The State also recorded equipment and vehicle rental expenditures of $11.4 million and $48.9 million for governmental and business-type activities, respectively. The above amounts were payable to entities external to State government and do not include transactions with the State's fleet management program.

The State recorded $3.3 million of capital lease interest costs for governmental activities and $1.4 million for business-type activities in Fiscal Year 2019.

In Fiscal Year 2019, the State entered into approximately $19.6 million of capital leases related to the State's fleet management program, which is reported in an internal service fund that does not report capital lease proceeds.

Future minimum payments at June 30, 2019, for existing leases were as follows:

(Amounts in Thousands)

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
2020	$ 50,209	$ 29,266	$ 26,162	$ 3,571	$ 5,474	$ 1,114
2021	44,185	23,359	23,628	2,993	5,045	967
2022	39,227	20,906	22,073	2,448	4,401	817
2023	34,721	16,989	14,079	1,513	4,040	672
2024	32,364	14,400	10,790	1,027	2,706	539
2025 to 2029	68,561	50,986	25,706	1,830	14,595	847
2030 to 2034	2,423	2,723	1,162	67	1,141	25
2035 to 2039	540	684	-	-	-	-
2040 to 2044	61	667	-	-	-	-
2045 to 2049	61	592	-	-	-	-
2050 to 2054	61	107	-	-	-	-
2055 to 2059	61	113	-	-	-	-
Thereafter	602	-	-	-	-	-
Total	$ 273,076	$ 160,792	$ 123,600	$ 13,449	$ 37,402	$ 4,981

SHORT-TERM DEBT

On July 19, 2018, the State Treasurer issued $600.0 million of General Fund Tax Revenue Anticipation Notes (GTRAN), Series 2018A. The notes were due and payable on June 26, 2019, at a coupon rate of 4.333 percent. The total interest related to this issuance was $24.3 million; however, the notes were issued at a premium of $15.6 million, resulting in net interest costs (including the cost of issuance) of $9.0 million and a yield of 1.524 percent. The notes were issued for cash management purposes and were repaid by June 26, 2019, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes and lend the proceeds to local school districts in anticipation of local school district revenues to be collected at a later time. On July 18, 2018, the State Treasurer issued $310.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2018A. The notes were due and payable on June 27, 2019, at a coupon rate of 4.323 percent. The total interest related to this issuance was $12.6 million; however, the notes were issued at a premium of $7.9 million, resulting in net interest costs (including cost of issuance) of $4.9 million or 1.561 percent. The notes matured on June 27, 2019, and were repaid.

On January 16, 2019, the State Treasurer issued $325.0 million of Education Loan Program Tax and Revenue Anticipation Notes, Series 2018B. The notes were due and payable on June 27, 2019, at a coupon rate of 3.446 percent. The total interest related to this issuance was $5.0 million; however, the notes were issued at a premium of $2.7 million, resulting in net interest costs (including cost of issuance) of $2.5 million or 1.605 percent. The notes matured on June 27, 2019, and were repaid.

On June 5, 2018, the University of Colorado issued the first tranche of Commercial Paper in the amount of $40.0 million with a maturity of September 6, 2018. The initial issuance of commercial paper is being used to fund the construction of Williams Village East Housing and the Aerospace Engineering Building at the CU Boulder. The initial rate was 1.30 percent. Two additional Boulder capital construction projects were added to Commercial Paper during the year for the Imig Music Building and Fleming Tower renovation. The average interest rate of borrowing through fiscal year end was 1.62 percent. Approximately $161.0 million of commercial paper will be retired with permanent financing to be issued in the fall of 2019.

On June 20, 2018, the Board of Governors of the Colorado State University System 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, including but not limited to: the construction, acquisition, renovation, improvement, and equipping of the Michael Smith Natural Resources Building in Fort Collins; the Richardson Design Center in Fort Collins; the Institute for Biological and Translational Therapies in Fort Collins; the JBS Global Food Innovation Center in Honor of Gary and Kay Smith in Fort Collins; the Residence and Dining Corbett remodel project; and the Western Slope CVMBS/Extension Project; any other improvements to any of the campuses for which the Board has spending authority; and such other capital projects as may be designated by the Board. During Fiscal Year 2019, 13 trade tickets were issued for $44.2 million, the last of which matures on October 2, 2019. The coupon rates ranged from 2.22 percent to 2.68 percent. The total interest related to these issuances is $0.4 million.

In May 2019, the Board of Governors of the Colorado State University System approved the first amendment to the twelfth supplemental resolution, increasing the aggregate principal amount authorized to be issued from $50.0 million to $75.0 million. This increase will be effective beginning Fiscal Year 2020.

The following schedule shows the changes in short-term financing for the period ended June 30, 2019:

(Amount in Thousands)

	Beginning Balance July 1	Changes: Additions	Changes: Reductions	Ending Balance June 30
Governmental Activities:				
Tax Revenue Anticipation Notes	$ -	$ 600,000	$ (600,000)	$ -
Education Loan Anticipation Notes	-	635,000	(635,000)	-
Total Governmental Activities Short-Term Financing	-	1,235,000	(1,235,000)	-
Business Type Activities:				
Tax Exempt Commercial Paper	50,000	474,700	(340,000)	184,700
Total Business Type Activities Short-Term Financing	50,000	474,700	(340,000)	184,700
Total Short-Term Financing	$ 50,000	$ 1,709,700	$ (1,575,000)	$ 184,700

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

Various institutions of higher education, History Colorado, the Department of Public Safety, the Judicial Branch, and the Departments of Corrections, Transportation, Agriculture, Treasury, and Labor and Employment have outstanding notes, bonds, and/or Certificates of Participation (COPs) for the purchase of equipment or to construct facilities or infrastructure. Except for the Department of Corrections which receives Capital Projects Fund appropriations and the Department of Public Safety which receives General Purpose Revenue Fund appropriations for lease payments related to COPs, specific user revenues are pledged for the payments of interest and future retirement of the obligations. The State is not allowed by its Constitution to issue general obligation debt except to fund buildings for State use, to defend the State or the U.S. (in time of war), or to provide for unforeseen revenue deficiencies; additional restrictive limitations related to the valuation of taxable property also apply.

Collectively, the State's business-type activities had $1,845.3 million in available net revenue after operating expenses to meet the $310.3 million of debt service requirement related to revenue bonds.

The revenue of an individual business-type activity is generally not available to meet the debt service requirements of another business-type activity. (See additional disclosures regarding pledged revenue in Note 17.)

During Fiscal Year 2019 the State recorded $319.1 million of interest costs, of which $113.0 million was recorded by governmental activities and $206.1 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $6.3 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $17.0 million of interest on Certificates of Participation issued by the Judicial Branch, $42.3 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program and $8.8 million of interest on Education and General Fund Tax and Revenue Anticipation Notes issued by the State Treasurer. The business-type activities interest cost primarily comprises $186.2 million of interest on revenue bonds issued by institutions of higher education, $12.8 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, and $7.1 million of interest on bonds issued by the Bridge Enterprise in the Transportation Enterprise. College Assist and the Transportation Enterprise are nonmajor enterprise funds. Annual maturities of notes, bonds, and COPs payable at June 30, 2019, are as follows:

(Amounts in Thousands)

Governmental Activities (Non-Direct Borrowings and Non-Direct Placements)

Fiscal Year	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2020	$ 45,005	$ 86,446	$ 45,005	$ 86,446
2021	46,770	84,465	46,770	84,465
2022	48,785	81,564	48,785	81,564
2023	51,035	79,194	51,035	79,194
2024	140,555	76,685	140,555	76,685
2025 to 2029	443,710	334,758	443,710	334,758
2030 to 2034	436,535	230,097	436,535	230,097
2035 to 2039	441,165	126,413	441,165	126,413
2040 to 2044	245,905	34,787	245,905	34,787
2045 to 2049	18,250	738	18,250	738
Subtotals	1,917,715	1,135,147	1,917,715	1,135,147
Unamortized Prem/Discount	137,389	-	137,389	-
Totals	$ 2,055,104	$ 1,135,147	$ 2,055,104	$ 1,135,147

(Amounts in Thousands)

Governmental Activities (Direct Borrowings and Direct Placements)

Fiscal Year			Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
	2020		$2,220	$ 142	$ 3,640	$ 1,967	$ 5,860	$ 2,109
	2021		2,270	95	3,735	1,872	6,005	1,967
	2022		2,315	48	3,850	2,263	6,165	2,311
	2023		-	-	2,920	2,142	2,920	2,142
	2024		-	-	3,040	2,027	3,040	2,027
2025	to	2029	-	-	17,145	9,082	17,145	9,082
2030	to	2034	-	-	20,075	6,591	20,075	6,591
2035	to	2039	-	-	17,000	4,655	17,000	4,655
2040	to	2044	-	-	20,995	3,995	20,995	3,995
2045	to	2049	-	-	4,775	223	4,775	223
Subtotals			6,805	285	97,175	34,817	103,980	35,102
Unamortized Prem/Discount			-	-	276	-	276	-
Totals			$6,805	$ 285	$ 97,451	$ 34,817	$104,256	$ 35,102

(Amounts in Thousands)

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

Fiscal Year			Revenue Bonds Principal	Revenue Bonds Interest	Mortgages Payable Principal	Mortgages Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
	2020		$ 151,690	$ 179,813	$ 371	$ 429	$ 32,985	$ 16,582	$ 185,046	$ 196,824
	2021		130,503	175,114	387	414	33,025	15,272	163,915	190,800
	2022		135,487	169,811	403	397	34,455	13,829	170,345	184,037
	2023		138,742	164,203	420	380	29,905	12,386	169,067	176,969
	2024		139,439	158,287	439	362	31,175	10,950	171,053	169,599
2025	to	2029	789,275	685,748	2,487	1,518	122,685	34,203	914,447	721,469
2030	to	2034	827,318	493,332	6,007	808	55,810	12,689	889,135	506,829
2035	to	2039	770,130	300,772	-	-	38,580	4,029	808,710	304,801
2040	to	2044	472,755	140,227	-	-	-	-	472,755	140,227
2045	to	2049	192,120	65,231	-	-	-	-	192,120	65,231
2050	to	2054	120,390	32,267	-	-	-	-	120,390	32,267
2055	to	2059	62,185	5,616	-	-	-	-	62,185	5,616
Subtotals			3,930,034	2,570,421	10,514	4,308	378,620	119,940	4,319,168	2,694,669
Unamortized Prem/Discount			306,619	-	-	-	33,559	-	340,178	-
Unaccreted Interest			(4,680)	-	-	-	-	-	(4,680)	-
Totals			$4,231,973	$2,570,421	$10,514	$4,308	$ 412,179	$ 119,940	$4,654,666	$2,694,669

(Amounts in Thousands)

Business-Type Activities (Direct Borrowings and Direct Placements)

Fiscal Year			Revenue Bonds Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
	2020		$ 7,634	$ 5,934	$ 1,080	$ 1,485	$ 2,475	$ 498	$ 11,189	$ 7,917
	2021		11,754	5,287	1,045	1,448	2,545	428	15,344	7,163
	2022		11,724	4,967	1,048	1,410	2,620	356	15,392	6,733
	2023		11,964	4,658	7,361	2,426	2,135	305	21,460	7,389
	2024		13,574	4,311	17,010	3,120	2,125	257	32,709	7,688
2025	to	2029	61,153	16,343	29,290	2,774	8,960	526	99,403	19,643
2030	to	2034	47,620	8,774	637	32	-	-	48,257	8,806
2035	to	2039	25,820	4,154	-	-	-	-	25,820	4,154
2040	to	2044	16,630	1,823	-	-	-	-	16,630	1,823
2045	to	2049	10,070	325	-	-	-	-	10,070	325
Subtotals			217,943	56,576	57,471	12,695	20,860	2,370	296,274	71,641
Unamortized Prem/Discount			2,647	-	-	-	(18)	-	2,629	-
Totals			$220,590	$ 56,576	$57,471	$12,695	$ 20,842	$ 2,370	$298,903	$ 71,641

In March 2008, the Colorado School of Mines entered a derivative instrument agreement (interest rate swap) as an effective hedge against expected increasing interest costs on its variable rate debt.

Assuming current interest rates are applied over the term of the debt, at June 30, 2019, the Colorado School of Mines' aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Colorado School of Mines' Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2020	$ 575	$ 777	$ 736	$ 2,088
2021	575	765	725	2,065
2022	850	750	710	2,310
2023	925	730	693	2,348
2024	975	710	674	2,359
2025 to 2029	8,150	3,164	3,000	14,314
2030 to 2034	13,600	1,938	1,836	17,374
2035 to 2039	11,685	475	450	12,610
Totals	$ 37,335	$ 9,309	$ 8,824	$ 55,468

In January 2018, Colorado State University entered into a floating to fixed interest rate swap agreement in connection with the 2015D System Enterprise Revenue Bonds.

Assuming current interest rates are applied over the term of the debt, at June 30, 2019, Colorado State University's aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Colorado State University Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2020	$ -	$ 1,270	$ 9	$ 1,279
2021	-	1,267	9	1,276
2022	-	1,267	9	1,276
2023	-	1,267	9	1,276
2024	1,005	1,264	9	2,278
2025 to 2029	8,310	5,936	43	14,289
2030 to 2034	19,495	4,621	34	24,150
2035 to 2039	12,945	3,029	22	15,996
2040 to 2044	14,830	1,727	13	16,570
2045 to 2048	10,070	323	2	10,395
Totals	$ 66,655	$ 21,971	$ 159	$ 88,785

The original principal amount of the State's debt disclosed in the above tables is as follows:

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

	Revenue Bonds	Mortgages Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ -	$ 2,106,200	$ 2,106,200
Business Type Activities	5,103,969	12,450	560,263	$ 5,676,682
Total	$ 5,103,969	$ 12,450	$ 2,666,463	$ 7,782,882

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	241,365	64,277	34,080	$ 339,722
Total	$ 241,365	$ 85,352	$ 151,500	$ 478,217

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

- A building near the Western State campus (related to direct borrowing/direct placement for business-type activities);

- Energy performance measures such as building improvements and equipment (related to direct borrowing/direct placement for business-type activities);

- A parking facility located at 1341 Lincoln Street in Denver (related to direct borrowing/direct placement for business-type activities);

- 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).

- For Notes Payable for Western State if the asset securing the note is demolished they have 30 days to pay the lender for any diminishment of value (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 $37,335,000 and $37,885,000 and a fair value of ($9,163,846) and ($6,837,113) at June 30, 2019 and 2018, respectively. The Swap Agreement provides for certain payments to or from Morgan Stanley equal to the difference between the fixed rate of 3.59 percent payable by the University and 67 percent of one month USD-LIBOR-BBA, 2.37038 percent and 1.229 percent at June 30, 2019 and 2018, respectively, payable by Morgan Stanley. The fair value of the swap is classified as a noncurrent liability and the change in fair value of the swap is classified as a deferred outflow at June 30, 2019 and 2018. On the date of the refunding of the Series 2010A Bonds, the fair market value of the swap was ($6,998,662) and was included in the calculation of deferred loss on refunding and is being amortized over the life of the Series 2018A Refunding Bonds. Accumulated amortization of the deferred loss as of June 30, 2019 and 2018 was $1,852,772 and $1,350,621, respectively. Morgan Stanley, counterparty to the Swap Agreement, determined the fair value as of June 30, 2019 and 2018, using a discounted forecasted cash flows; however, the actual method and significant assumptions used are proprietary. The Swap Agreement has an effective date of March 5, 2008 and a termination date of December 1, 2038.

There can be risks inherent to interest rate swaps that the University addresses and monitors pursuant to entering into interest rate swap agreements:

- Termination Risk – The need to terminate the transaction in a market that dictates a termination payment by the University. It is possible that a termination payment is required in the event of termination of a swap agreement due to a counterparty default or following a decrease in credit rating. In general, exercising the right to optionally terminate an agreement should produce a benefit to the University, either through receipt of a payment from a termination, or if a termination payment is made by the University, a conversion to a more beneficial debt instrument or credit relationship.
- Credit Risk – The risk that the counterparty will not fulfill its obligations. The University considers the Swap Agreement counterparty's (Morgan Stanley) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2019, Morgan Stanley's credit rating is A3 by Moody's, BBB+ by Standards & Poor's. For the outstanding Swap Agreement the University has a maximum possible loss equivalent to the swaps' fair value at June 30, 2019 and 2018 related to the credit risk. However, the University was not exposed to this loss because of the negative fair value of the swaps as of June 30, 2019 and 2018. In addition, these agreements required no collateral and no initial net cash receipt or payment by the University.
- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the University. Basis risk can also result from the use of floating, but different, indices. To mitigate basis risk, it is the University's policy that any index used as part of an interest rate swap agreement shall be a recognized market index, including, but not limited to, the Securities Industry and Financial Markets Association (SIFMA) or the London Interbank Offered Rate (LIBOR).

Colorado State University: On January 16, 2018, the University entered into a floating to fixed interest rate swap agreement (Swap Agreement) in connection with the 2015D System Enterprise Revenue Bonds. The Swap Agreement was entered into with the objective of protecting against the potential of rising interest rates. The Swap Agreement has a notional amount of $66.7 million and a fair value of $(5.0) million at June 28, 2019. The fair value of the Swap is classified as a noncurrent liability and the change in fair value of the Swap of $(5.7) million is recorded as long-term liability and deferred inflow at June 30, 2019. The Swap Agreement has an effective date of July 1, 2019 and a termination date of March 1, 2047.

The Swap Agreement provides for certain payments by The Royal Bank of Canada (RBC) equal to the difference between the fixed rate of 1.91390 percent payable by the University and 70 percent of one month UDS-LIBOR-BBA, payable by RBC. RBC, counterparty to the Swap Agreement, determined the fair value as of June 28, 2019 using a discounted forecasted cash flow.

There can be risks inherent to interest rate swaps that the University addressed and monitors pursuant to entering into interest rate Swap Agreements:

- Termination Risk – Termination Risk is the need to terminate the transaction in a market that dictates a termination payment by the University. It is possible that a termination payment is required in the event of termination of a Swap Agreement due to a counterparty default. In general, exercising the right to optionally terminate an agreement should produce a benefit to the University, either through receipt of a payment from a termination, or if a termination payment is made by the University, a conversion to a more beneficial debt instrument or credit relationship.
- Credit Risk – Credit Risk is the risk that the counterparty will not fulfill its obligations. The University considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2019, RBC's credit rating is rated A2 by Moody's and A- by S&P.

  The Swap contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $20 million at both parties current credit rating or $10 million if the parties credit rating falls to A2/A.

- Basis Index Risk – Basis risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the University. Basis risk can also result from the use of floating, but different, indices.

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2019:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 921	$ 9,513	$ (878)	$ 9,556	$ 8,972
Accrued Compensated Absences	175,402	20,082	(14,707)	180,777	14,097
Claims and Judgments Payable	223,677	42,298	(55,487)	210,488	42,298
Capital Lease Obligations	131,874	44,178	(52,452)	123,600	26,162
Certificates of Participation from Direct Borrowings and Direct Placements	100,937	-	(3,486)	97,451	3,640
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	1,325,377	797,035	(67,308)	2,055,104	45,005
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	8,980	2,220	(4,395)	6,805	2,220
Net Pension Liability	11,933,852	-	(2,556,495)	9,377,357	-
Other Postemployment Benefits	272,039	12,225	-	284,264	-
Other Long-Term Liabilities	457,567	72,664	(262,248)	267,983	-
Total Governmental Activities Long-Term Liabilities	14,630,626	1,000,215	(3,017,456)	12,613,385	142,394
Business-Type Activities					
Deposits Held In Custody For Others	45,230	48,926	(45,210)	48,946	48,921
Accrued Compensated Absences	365,212	44,619	(32,139)	377,692	27,340
Claims and Judgments Payable	35,505	12,854	(4,388)	43,971	1,581
Capital Lease Obligations	48,154	11,686	(22,438)	37,402	5,474
Derivative Instrument Liabilities	6,837	7,858	(502)	14,193	-
Bonds Payable from Direct Borrowings and Direct Placements	137,977	94,596	(11,984)	220,589	7,634
Bonds Payable from Non-Direct Borrowings and Non-Direct Placements	4,464,856	440,389	(673,271)	4,231,974	151,690
Certificates of Participation from Direct Borrowings and Direct Placements	23,257	2,475	(4,890)	20,842	2,475
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	438,205	32,985	(59,011)	412,179	32,985
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	49,027	9,639	(1,195)	57,471	1,080
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Non-Direct Placements	11,020	371	(877)	10,514	371
Net Pension Liability	7,448,576	-	(3,211,557)	4,237,019	-
Other Postemployment Benefits	938,449	77,343	-	1,015,792	-
Other Long-Term Liabilities	61,647	55,455	(4,822)	112,280	-
Total Business-Type Activities Long-Term Liabilities	14,073,952	839,196	(4,072,284)	10,840,864	279,551
Fiduciary Activities					
Deposits Held In Custody For Others	664,040	1,333,894	(626,317)	1,371,617	1,332,685
Accrued Compensated Absences	55	3	(12)	46	-
Claims and Judgments Payable	18,504	21,004	(18,504)	21,004	21,004
Other Long-Term Liabilities	217	614	(217)	614	-
Total Fiduciary Activities Long-Term Liabilities	682,816	1,355,515	(645,050)	1,393,281	1,353,689
Total Primary Government Long-Term Liabilities	$ 29,387,394	$ 3,194,926	$ (7,734,790)	$ 24,847,530	$ 1,775,634

Accrued compensated absences and net pension liabilities of both governmental activities and the business-type activities are normally liquidated using resources of the fund that are responsible for paying the employee's salary. As a result, the resources of nearly all of the State's funds are used to liquidate the compensated absence and net pension liabilities.

The amounts shown in the schedule above for the changes in Net Pension Liability are netted as increases for the governmental and business type activities because that information is not readily available. See Note 6 for additional pension information.

The amounts shown in the schedule above for Notes, Bonds, and Certificates of Participation do not include short-term borrowing disclosed in Note 10. A current portion is not normally identifiable for Claims and Judgments Payable, Derivative Instrument Liabilities, Other Post-Employment Benefits in business-type activities and Other Long-Term Liabilities in both governmental activities and business type activities.

Long-term liabilities that are actuarially determined include amounts for claims that are incurred but not yet reported. Since these liabilities are not based on individually identifiable claims, it is not practicable to report gross additions and reductions. (See Notes 7 and 9 for the amount of claims reported and paid and other adjustments to these actuarially determined liabilities.)

Governmental activities include internal service funds which apply full accrual accounting, and as a result, additions to Capital Lease Obligations shown above include amounts that are not shown as capital lease proceeds on the *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds*.

NOTE 13 – DEFEASED DEBT AND POLLUTION REMEDIATION OBLIGATIONS

DEFEASED DEBT

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 2019, debt was defeased in both governmental and business-type activities.

At June 30, 2019, the remaining balances of amounts previously placed in escrow accounts with paying agents are as follows:

(Amount in Thousands)

Agency	Amount
Governmental Activities:	
Department of Treasury	$ 415,640
Business-Type Activities:	
University of Colorado	608,955
Colorado State University	364,670
Colorado School of Mines	45,260
Western State College	7,055
Colorado Mesa University	26,315
Colorado Community College System	13,465
Adams State College	23,482
Total	$ 1,504,842

The Department of Treasury issued $168,825,000 of its State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2018L and 2018M to partially defease its State of Colorado Building Excellent Schools Today Certificates of Participation, Series 2010B and 2010E. The defeased debt had an interest rate of 6.35 percent, and the new debt had an interest rate of 4.79 percent. The remaining term of the debt was 12.49 years and the estimated debt service cash flows decreased by $7,335,073. The defeasance resulted in an economic gain of $9,307,985 and book loss of $12,921,783 that will be amortized as an adjustment of interest expense over the remaining 12.49 years of the new debt.

The Board of Regents of the University of Colorado issued $48,015,000 of its Enterprise Revenue Refunding Bonds, Series 2018A to partially defease its Series 2008 Student Housing Revenue Refunding Bonds. The defeased debt had an interest rate of 5.5 percent, and the new debt had a variable interest rate. The remaining term of the debt was 19 years and the estimated debt service cash flows decreased by $43,450,827. The defeasance resulted in an economic gain of $48,664,537 and book loss of $629,466 that will be amortized as an adjustment of interest expense over the remaining 2 years of the new debt.

The Board of Regents of the University of Colorado issued $117,645,000 of its Enterprise Revenue Refunding Bonds, Series 2017A-2 to partially defease its Series 2009B-2 Enterprise Revenue Refunding Bonds. The defeased debt had an interest rate of 6.26 percent, and the new debt had an interest rate of 4.49 percent. The remaining term of the debt was 17 years and the estimated debt service cash flows decreased by $14,248,642. The defeasance resulted in an economic gain of $10,997,903 and book loss of $4,626,097 that will be amortized as an adjustment of interest expense over the remaining 17 years of the new debt.

The Board of Trustees of the University of Northern Colorado issued $19,130,000 of its Institutional Enterprise Revenue Refunding Bonds to partially defease its Series 2008 and Series 2011B Enterprise Revenue Bonds. The defeased debt had an interest rate of 4.24 percent, and the new debt had an interest rate of 3.25 percent. The remaining debt was defeased and the estimated debt service cash flows increased by $882,830. The defeasance resulted in an economic gain of $1,080,636 and book loss of $950,998 that will be amortized as an adjustment of interest expense over the remaining 23 years of the new debt.

The Board of Trustees of Fort Lewis College issued $1,215,000 of its Enterprise Revenue Refunding Bonds, Series 2019A to partially defease its Series 2007A Dorm Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 3.41 percent. The remaining term of the debt was 14 years and the estimated debt service cash flows decreased by $109,813. The defeasance resulted in an economic gain of $85,051 and book loss of $2,179 that that was expensed in the current year due to the immaterial amount.

The Board of Trustees of Fort Lewis College issued $3,305,000 of its Enterprise Revenue Refunding Bonds, Series 2019B to partially defease its Series 2007 B1 Revenue Bonds. The defeased debt had an interest rate of 5 percent, and the new debt had an interest rate of 3.73 percent. The remaining term of the debt was 19 years and the estimated debt service cash flows decreased by $295,086. The defeasance resulted in an economic gain of $270,474 and book loss of $6,059 that was expensed in the current year due to the immaterial amount.

The Board of Trustees of Adams State University issued $35,087,176 of its Enterprise Revenue Refunding Bonds, Series 2019A to partially defease its Series 2009B Auxiliary Facilities Revenue Bonds and Series 2009C Taxable Auxiliary Facilities Revenue Bonds. The defeased debt had an interest rate of 6.3 percent, and the new debt had an interest rate of 4.31 percent. The remaining term of the debt was 22 years and the estimated debt service cash flows decreased by $1,556,406. The defeasance resulted in an economic gain of $3,240,917 and book loss of $1,210,417 that will be amortized as an adjustment of interest expense over the remaining 23 years of the new debt.

The Board of Trustees of Colorado Mesa University issued $24,485,000 of its Enterprise Revenue Refunding Bonds, Series 2019A to partially defease its Series 2009A Enterprise Revenue Refunding Bonds. The defeased debt had an interest rate of 4.75 percent, and the new debt had an interest rate of 3.57 percent. The remaining term of the debt was 12 years and the estimated debt service cash flows decreased by $1,781,401. The defeasance resulted in an economic gain of $1,897,137 and book loss of $2,933,889 that will be amortized as an adjustment of interest expense over the remaining 14 years of the new debt.

POLLUTION REMEDIATION OBLIGATIONS

Various state agencies and institutions of higher education have pollution remediation obligations as defined by GASB Statement No. 49. Liability amounts are included in Other Current Liabilities or Other Long-Term Liabilities on the government-wide and proprietary fund-level *Statement of Net Position.*

The State has numerous instances of hazardous waste contamination that qualify as Superfund sites. Superfund is the federal government's program to clean up these hazardous waste sites. A hazardous waste site becomes a Superfund site when it is placed on an Environmental Protection Agency (EPA) list that ranks sites according to a process that assesses current or potential health impacts. The following individually significant items are all Superfund sites under the control of the Department of Public Health and Environment (DPHE).

The State's total amount of pollution remediation obligations as of June 30, 2019 was $234.7 million ($5.2 million of which was a current liability). Superfund sites account for approximately $234.2 million ($4.6 million of which was a current liability) of the State's total pollution remediation obligation. Other pollution obligations of the State generally include remediation activities related to asbestos abatement and removal, land contamination, and leaking underground storage tanks. Individually significant pollution remediation obligations are disclosed below:

- DPHE recorded a liability for remediation activities in the Clear Creek Basin of approximately $100.6 million related to a number of inactive precious metal mines that caused contamination in surface water and soil in the basin. The liability includes remediation and site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant, and operation of a water treatment plant. Current operating and maintenance costs are estimated at approximately $1.7 million beginning in 2020, increasing to approximately $3.3 million in 2029, 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 $83.0 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 2022. Beginning in 2023, the State will assume 100 percent of the operating costs of the treatment plant, with a projected total cost of approximately $2.3 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, 2019, the State has received $4.7 million in recoveries from other responsible parties.

- DPHE recorded a liability for remediation activities at the Nelson Tunnel of approximately $28.9 million related to the clean-up of contamination from mine waste piles and drainage. The State will be liable for a share of construction costs for a new plant, at an estimated cost of $1.7 million to be completed in 2024. The State's share of operating and maintenance costs are split in a cost-sharing ratio of 10 percent State, 90 percent EPA through 2034. Beginning in 2035, the State share will be 100 percent, with a projected total cost of approximately $1.5 million per year, and a projected annual increase of 2 percent thereafter. Plant construction cost estimates were based upon engineering designs and construction bids received by the State. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA's cost-sharing ratio, as well as technology and pricing changes that could impact construction and operating costs.

- DPHE recorded a liability for remediation activities at the Captain Jack Mill located at the headwaters of the Left Hand Creek Watershed in the mountains west of Boulder of approximately $7.8 million related to the clean-up of contamination from mine waste piles and drainage. The EPA and the State have agreed upon a remediation plan from a recently completed engineering study, which includes construction of a capping mine waste tunnel plug. Construction cost estimates of approximately $80,000 in 2020, approximately $10,000 in 2021, and approximately $200,000 in 2022 for the project's completion. Beginning in 2023, the State's share of operation and monitoring costs will be 10 percent and will continue through 2033. After that time, the State's share will be 100 percent and annual ongoing projected costs will average $360,000 per year, with a projected annual increase of 2 percent 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.

- DPHE recorded a liability for remediation activities at the Standard Mine of approximately $5.8 million related to the cleanup of heavy metals and mine drainage into downstream creeks. The mine is located within Gunnison National Forest and also on private mining claims. A Record of Decision has been completed, which describes a phased approach to the remediation. Finalization of Phase 1 will consist of costs of approximately $145,000 in 2020 and $235,000 in 2021. The cost of the cleanup activities are shared with the EPA where the State share is 10 percent for a period of 10 years starting in 2020. The site is currently in an interim monitoring period that is being conducted by the State. Phase 1 remedy includes the removal of rocks and tailings, and also included the installation of a flow-through bulkhead to facilitate the regulation of discharge. The State is responsible for vegetation and surface water quality monitoring as well as annual inspections of all remedy elements. Annual ongoing projected costs average $96,000 per year through 2027 for long term remedial action of the smallest bioreactor and for the State's proportional share of operating and maintenance costs. In 2028, the long-term remedial action transitions to operating and maintenance, and the State become responsible of 100% of operating and maintenance. Costs are projected to increase to $170,000 per year, with a projected annual increase of 2 percent thereafter.

NOTE 14 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of assets by the entity that is applicable to a future reporting period, and deferred inflows of resources represent an acquisition of assets by the entity that is applicable to a future reporting period. The table below provides information about amounts reported as deferred outflows/inflows on the *Statement of Net Position* as of June 30, 2019.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources:		
Asset Retirement Obligations	$ -	$ 1,224
Refunding Losses	16,330	167,221
Derivatives	-	7,745
Other	1,948	-
Other Post Employment Benefits	20,253	61,995
Pensions	4,382,520	693,540
	4,421,051	931,725
Deferred Inflows of Resouces		
Refunding Gains	-	785
Nonexchange Transactions	338	-
Other	17,390	1,749
Unavailable Revenue	795	-
Service Concession Arrangements	-	133,645
Other Post Employment Benefits	4,691	114,282
Pensions	4,974,691	2,231,615
	$ 4,997,905	$ 2,482,076

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

The beginning net position was restated as a result of the following prior period adjustment:

State Lands: Land balances moved from the State Lands *Combining Balance Sheet* to only being reported on the government-wide *Statement of Net Position*. Under the modified accrual basis of accounting, the governmental funds have a current financial resources focus and thus do not record capital assets.

Chatfield Reservoir Mitigation Project water inventory: Adjustment to correct valuation of water inventory in Chatfield Reservoir Mitigation Project and sale of water. Expenditures attributed to water in prior years are reclassified to inventory in the current year.

CDOT-Bridge Enterprise: Recognition of prior year construction expense.

History Colorado: Correction of completion dates and depreciation on History Colorado Building and Ute Indian expansion.

(Amounts in Thousands)

	Government-Wide Statements		General Funds Balance Sheet Reconciled to Statement of Net Position	Fund Financial Statements
	Statement of Activities			
Subject	Governmental Activities	Business-Type Activities	Other Measurement Focus Adjustments	Other Governmental Funds
State Lands		-	68,518	(68,518)
Chatfield Reservoir Mitigation Project water inventory	27,798			27,798
CDOT-Bridge Enterprise		7,362		
History Colorado	(4,572)		(4,572)	
	23,226	7,362	63,946	(40,720)

B. ACCOUNTING CHANGES

The State reevaluated thresholds used to determine when a tax-exempt organization is considered significant and therefore included in this report as a component unit. As a result, the Colorado State University Foundation, the Colorado School of Mines Foundation, and the University of Northern Colorado Foundation are no longer included is this report. Beginning net position for component units was reduced by $991.5 million.

Beginning with Fiscal Year 2019, HLC @ Metro, Inc. prepares its financial statements on the accrual basis of accounting using the economic resources measurement focus, following GASB standards for governments. In prior years, its financial statements were prepared in accordance with not-for-profit standards promulgated by the Financial Accounting Standards Board. This change resulted in a reduction of beginning net position for other component units of $4.8 million.

The Colorado Water Resources and Power Development Authority (Authority), a discretely presented component unit, implemented GASB Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pension in the fiscal year presented. This change in accounting principle resulted in a reduction of beginning net position for the Authority of $173 thousand.

FUND BALANCE

On the *Balance Sheet – Governmental Funds,* the fund balance is comprised of the following (refer to Note 1 for additional information):

(Amounts in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND			
General Government	$ 393,265	$ 892,471	$ 33,264
Business, Community and Consumer Affairs	-	78,959	-
Education	421,393	30,323	-
Health and Rehabilitation	-	4,880	-
Justice	-	24,601	-
Natural Resources	-	477	-
Social Assistance	-	82,509	-
Transportation	-	186	-
TOTAL	$ 814,658	$ 1,114,406	$ 33,264
OTHER GOVERNMENTAL FUNDS			
General Government	$ 333,975	$ 1,446,918	$ -
Business, Community and Consumer Affairs	35,865	550,297	-
Education	179,024	84,173	-
Health and Rehabilitation	13,671	88,349	-
Justice	2,211	211,382	-
Natural Resources	20,687	1,081,849	-
Social Assistance	454	73,125	-
Transportation	878,415	107,384	-
TOTAL	$ 1,464,302	$ 3,643,477	$ -

STABILIZATION ARRANGEMENTS

In accordance with Section 24-75-201.1(1)(d) C.R.S., the State maintains a General Purpose Revenue Fund statutory reserve for purposes of budget stabilization. For Fiscal Year 2019, the reserve is calculated as seven and twenty-five hundredths percent of General Purpose Revenue Fund appropriations less exceptions pursuant to Section 24-75-201.1(2) C.R.S. Section 24-75-201.5(1)(a) C.R.S. further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. In Fiscal Year 2019 there was no use of the reserve.

As of June 30, 2019, on a legal budgetary basis the reserve was $814.2 million (see Note 1).

Article XXIV Section 7 of the State Constitution created the Old Age Pension Stabilization Fund, which is reported as a component of the General Fund – Special Purpose Funds. The fund is maintained at $5.0 million and is only accessible through appropriation for old age pension basic minimum awards. Historically, the reserves in the fund have not been accessed.

MINIMUM FUND BALANCE POLICIES

The appropriations process and statutory structure that governs State fiscal matters generally does not provide for the ability to set aside fund balances outside of those processes. However, in limited circumstances, boards and committees have fiscal policy and/or rulemaking authority. No minimum fund balances were established under this type of authority for Fiscal Year 2019.

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	$ (32,640)	$ -
Correctional Industries	(33,041)	-
State Nursing Homes	(77,326)	-
Petroleum storage Tank	(7,519)	-
Central Services	-	(16,212)
Information Technology	-	(355,329)
Capitol Complex	-	(9,367)
Highways	-	(3,344)
Administrative Courts	-	(17,753)
Legal Services	-	(105,924)
Other Internal Service Funds	-	(5,956)
	$ (150,526)	*$ (513,885)*

NOTE 16 – INTERFUND TRANSACTIONS

INTERFUND BALANCES

Interfund balances at June 30, 2019, consisted of the following:

(DOLLARS IN THOUSANDS)	DUE FROM				
	General	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Other Enterprises
DUE TO					
General	$ -	$ 21,051	$ 98	$ 7,544	$ 29,318
Other Governmental Funds	7,260	7,601	-	182	19,522
Higher Education Institutions	9,765	957	-	-	131
Other Enterprises	2,323	87	3,801	-	3,646
Internal Service Funds	218	35	-	-	24
Pension and Other Employee Benefit Trust	34	2	1,074	-	-
Private Purpose Trust	-	-	-	-	11,502
Agency	-	201	-	-	-
Total	$ 19,600	$ 29,934	$ 4,973	$ 7,726	$ 64,143

(DOLLARS IN THOUSANDS)	DUE FROM			
	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Total
DUE TO				
General	$ 596	$ 13	$ -	$ 58,620
Other Governmental Funds	-	-	-	34,565
Higher Education Institutions	-	1	-	10,854
Other Enterprises	-	-	6	9,863
Internal Service Funds	-	-	-	277
Pension and Other Employee Benefit Trust	-	-	-	1,110
Private Purpose Trust	-	-	-	11,502
Agency	-	-	-	201
Total	$ 596	$ 14	$ 6	$ 126,992

Interfund balances represent amounts owed between funds at the end of the fiscal year. They occur when there are timing differences between when transactions are recognized and when the related cash payments are made. They also occur when loans are made between funds.

The $29.3 million due to the General Fund from Other Enterprises reflects the amounts owed from the State Lottery Fund to the Public School Capital Construction Assistance Fund and the Conservation Trust Fund, which are $14.7 million and $14.6 million, respectively.

The balance of $21.1 million due from Other Governmental Funds to the General Fund consists primarily of $16.4 million due from the Limited Gaming Fund and $4.5 million due from various governmental funds to support incurred Medicaid expenditures.

Other Governmental Funds report an internal receivable of $19.5 million from Other Enterprises. Most of this balance, $16.8 million, reflects outstanding loans payable from the Wildlife Cash Fund to the Colorado Water Conservation Board Construction Fund. $18.8 million of the $19.5 million total is not expected to be repaid within one year.

The $11.5 million due from Other Enterprise Funds to Private Purpose Trust Funds represents the amount owed from the CollegeInvest Administration Fund to multiple CollegeInvest savings program funds.

INTERFUND TRANSFERS

Interfund transfers for Fiscal Year 2019, consisted of the following:

(DOLLARS IN THOUSANDS)	TRANSFER FROM General	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Other Enterprises
TRANSFER TO					
General	$ -	$ 352,071	$ 6,546	$ 16,408	$ 89,694
Other Governmental Funds	1,062,218	278,253	290	-	708
Higher Education Institutions	276,188	99,403	-	-	-
Healthcare Affordability	103	-	-	-	-
Other Enterprises	9,025	4,334	-	-	16,646
Internal Service Funds	2,801	1,076	-	-	33
Pension and Other Employee Benefit Trust	18	1,550	-	-	-
Private Purpose Trust	2	-	-	-	35
Total	$ 1,350,355	$ 736,687	$ 6,836	$ 16,408	$ 107,116

(DOLLARS IN THOUSANDS)	TRANSFER FROM Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Total
TRANSFER TO				
General	$ 6,102	$ 224	$ 26	$ 471,071
Other Governmental Funds	173	-	-	1,341,642
Higher Education Institutions	-	-	-	375,591
Healthcare Affordability	-	-	-	103
Other Enterprises	-	-	-	30,005
Internal Service Funds	366	-	-	4,276
Pension and Other Employee Benefit Trust	-	-	-	1,568
Private Purpose Trust	-	-	-	37
Total	$ 6,641	$ 224	$ 26	$ 2,224,293

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 $1,062.2 million transferred from the General Fund to Other Governmental Funds includes $346.5 million to the State Highway Fund, $74.3 million to the Highway Users Tax Fund, and $74.3 million to the Multimodal Transportation Options Fund. These three transfers were made in accordance with SB 18-001, which aims to address some of Colorado's transportation infrastructure needs. As directed by SB 17-267, $125.0 million of Marijuana Sales Tax Revenues were transferred from the General Fund to the Marijuana Tax Cash Fund. In addition, $74.5 million was transferred from the General Fund to the Capital Construction Fund.

Transfers from Other Governmental Funds to the General Fund totaled $352.1 million. This includes $82.4 million transferred from the Public School Fund, a State Lands Trust Fund, to the Public School Capital Construction Assistance Fund. Also included are $53.6 million of transfers from the Mineral Leasing Fund to the State Public School Fund and $52.6 million of transfers from the Retail Marijuana Excise Tax Fund to the Public School Fund.

$278.3 million is reported as transfers from Other Governmental Funds to Other Governmental Funds. The largest of these transfers was a $113.8 million transfer from the Special Capital Projects Fund to the Regular Capital Projects Fund.

General Fund transfers to Higher Education Institutions totaled $276.2 million. The majority of these transfers, $153.4 million, were for student financial aid.

NOTE 17 – PLEDGED REVENUE AND DONOR RESTRICTED ENDOWMENTS

PLEDGED REVENUE

Various institutions of higher education, the Department of Labor and Employment, and the Highway Users Tax Fund have issued bonds, notes, and/or Certificates of Participation (COPs) for the purchase of equipment, and the construction of facilities and infrastructure. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. In Fiscal Year 2019, the following pledges were in place:

The Department of Transportation Statewide Bridge Enterprise pledged $111.7 million (gross) of federal highway funds, Build America Bonds, and surcharges to meet the current year interest payments on debt issued for construction activities related to the Funding Advancement for Surface Transportation and Economic Recovery (FASTER) Bridge Program. The debt was originally issued in Fiscal Year 2011 and has a final maturity date of Fiscal Year 2041. The pledged revenue represents 100 percent of the revenue stream, and $570.5 million of the pledge commitment remains outstanding.

The Department of Transportation High-Performance Transportation Enterprise (HTPE) C-470 Express Lanes Senior Revenue Bonds, Series 2017 was issued in the amount of $161.0 million for the purpose of paying or reimbursing the cost of designing, engineering, developing and constructing an Express Lanes project on a portion of C-470, widening and replacing adjacent general purpose lanes and rehabilitating or reconstructing related bridges. The future pledged revenue stream of $429.8 million will be used to pay the interest and principal of the 2017 Series issue of these Senior Revenue Bonds. 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 $429.8 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 $129.2 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was issued in Fiscal Year 2007 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents approximately 75.4 percent of the revenue stream, and $2.3 billion of the pledge (principal and interest) remains outstanding.

- $184.3 million (net) pledged by Colorado State University to secure $75 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2055. The pledged revenue represents 58.2 percent of the total revenue stream, and $1.7 billion of the pledge (principal and interest) remains outstanding.

- $53.2 million (net) pledged by the Colorado School of Mines to secure $21.4 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 79.7 percent of the revenue stream, and $477.5 million of the pledge (principal and interest) remains outstanding.

- $38.2 million (gross) pledged by Metropolitan State University of Denver to secure $7.1 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain academic facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2046. The pledged revenue represents 10 percent of the tuition revenue stream and 100 percent of the fee and other revenues revenue stream, and $146.2 million of the pledge (principal and interest) remains outstanding.

- $28.6 million (net) pledged by Colorado Mesa University to secure $12.6 million of current principal and interest on debt issued to construct auxiliary facilities. The related debt was originally issued in Fiscal Year 2010 and has a final maturity date of Fiscal Year 2049. The pledged revenue represents approximately 58.3 percent of the revenue stream and $364.8 million of the pledge (principal and interest) remains outstanding.

- $43.4 million pledged by the University of Northern Colorado to secure $10.2 million of current principal and interest on debt issued to finance refunding of previous debt and for improvements of auxiliary facilities. The debt issuances had an earliest origination date of Fiscal Year 2012 and furthest maturity date of Fiscal Year 2046. The pledged revenue represents 45.3 percent of the net total auxiliary, extended studies, and student fee revenue streams; 100 percent of gross facility & admin cost recoveries; and 10 percent of gross general fund tuition revenue. $216.6 million of the pledge (principal and interest) remains outstanding.

- $13.1 million pledged by the Auraria Higher Education Center to secure $6.3 million of current principal and interest on debt issued to finance construction of Tivoli Student Union park, coffee lounge, and patio and building parking structures. The debt issuances had an earliest origination date of Fiscal Year 2006 and furthest maturity date of Fiscal Year 2034. The pledged revenue represents 60.9 percent of the net and 100 percent of the gross auxiliary revenue stream. $74.2 million of the pledge (principal and interest) remains outstanding.

- $8.4 million (net) pledged by Colorado State University – Pueblo to secure $6.3 million of current principal and interest on debt issued to finance construction, remodeling, and acquisition of the Student Center, recreation facilities and student housing facilities. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2044. The pledged revenue represents 49 percent of the revenue stream, and $164.6 million of the pledge (principal and interest) remains outstanding.

- $8.2 million (net) pledged by the Fort Lewis College to secure $4 million of current principal and interest on debt issued to finance construction new residence hall, expansion and renovation of the student center, and various energy conservation improvements. The debt issuances had an earliest origination date of Fiscal Year 2012 and furthest maturity date of Fiscal Year 2038. The pledged revenue represents 37.2 percent of the revenue stream, and $65.9 million of the pledge (principal and interest) remains outstanding.

- $10.9 million (net) pledged by the Western State Colorado University to secure $6.7 million of current principal and interest on debt issued to finance a new student apartment complex and a new sports complex. The debt issuances had an earliest origination date of Fiscal Year 2010 and furthest maturity date of Fiscal Year 2045. The pledged revenue represents 41.6 percent of the revenue stream, and $164.9 million of the pledge (principal and interest) remains outstanding.

- $7.7 million (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 46.8 percent of the revenue stream and $101.7 million of the pledge (principal and interest) remains outstanding.

- $7.7 million (gross) pledged by Front Range Community College to secure $1.7 million of current principal and interest on debt issued to finance capital construction projects. The debt issuances had an earliest origination date of Fiscal Year 2010 and furthest maturity date of Fiscal Year 2048. The pledged revenue represents 10 percent of the tuition revenue stream and 100 percent of the fee and other revenues revenue stream, and $24.8 million of the pledge (principal and interest) remains outstanding.

Revenue available to meet debt service requirements is shown in the following table:

(Amounts In Thousands)

Agency Name	Gross Revenue	Direct Operating Expense	Available Net Revenue	Debt Service Requirements Principal	Interest	Total
Higher Education Institutions	$ 2,419,403	$ (685,793)	$ 1,733,610	$ 132,929	$ 159,090	$ 292,019
Statewide Bridge Enterprise	111,674	-	111,674	-	18,234	18,234
	$ 2,531,077	$ (685,793)	$ 1,845,284	$ 132,929	$ 177,324	$ 310,253

DONOR RESTRICTED ENDOWMENTS

The State's donor restricted endowments exist solely in its institutions of higher education. The policies of individual boards govern the spending of net appreciation on investments; there is no State law that governs endowment spending. Donor restricted endowment appreciation reported by the State's institutions of higher education totaled $19.3 million.

The University of Colorado reported net appreciation on endowment investments of $17.3 million that was available for spending. The University reported the related net position in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds.* The University spends its investment income in accordance with the University of Colorado Foundation's established spending policy.

The Colorado School of Mines reported $1.8 million of net appreciation on endowment investments that was available for spending. The School reported the related net assets in Restricted for Permanent Funds and Endowments – Expendable on the *Statement of Net Position – Proprietary Funds*. The School has an authorized spending rate of 4.25% of the rolling 36-month average market value of the endowment investments.

NOTE 18 –SEGMENTS AND RELATED PARTIES

SEGMENT INFORMATION

Segments are identifiable activities reported as or within an Enterprise Fund for which bonds or other debt is outstanding and a revenue stream has been pledged in support of that debt. In addition, to qualify as a segment, an activity must be subject to an external requirement to separately account for the revenues, expenses, gains and losses, assets, and liabilities of the activity. All of the activities reported in the following condensed financial information meet these requirements. The purpose of each of the State's segments aligns with the primary mission of the enterprise in which it is reported; therefore, none of the State's segments are separately reported on the government-wide *Statement of Activities.* The following paragraphs describe the State's segments.

University of Colorado

University Physicians Inc., d/b/a CU Medicine, performs the billing, collection, and disbursement functions for professional services rendered as authorized in Section 23-20-114, Colorado Revised Statues 1973.

CVA was also a segment of the University for Fiscal Year 2018. CVA is a wholly owned entity of CUPCO, a blended component unit of the University, that provides housing and other services for students of CU Denver, for which $53.0 million of revenue bonds were outstanding in CVA's name as of June 30, 2018. The bonds were refunded on August 1, 2018 using proceeds from the University's issuance of $48.0 million of Tax-Exempt University Enterprise Revenue Refunding Bonds, Series 2018A. As such, CVA is not considered a segment for Fiscal Year 2019.

The following page presents condensed financial information for the State's segment.

CONDENSED STATEMENT OF NET POSITION

(DOLLARS IN THOUSANDS)	UNIVERSITY OF COLORADO June 30, 2019 CU MEDICINE
ASSETS:	
Current Assets	$ 365,670
Other Assets	347,155
Capital Assets	35,529
Total Assets	748,354
DEFERRED OUTFLOW OF RESOURCES	-
LIABILITIES:	
Current Liabilities	63,997
Noncurrent Liabilities	5,637
Total Liabilities	69,634
DEFERRED INFLOW OF RESOURCES	-
NET POSITION:	
Net Investment in Capital Assets	28,507
Restricted for Permanent Endowments:	
Restricted Net Position	-
Unrestricted	650,213
Total Net Position	$ 678,720

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

OPERATING REVENUES:	
Tuition and Fees	$ -
Sales of Goods and Services	1,087,056
Other	-
Total Operating Revenues	1,087,056
OPERATING EXPENSES:	
Depreciation	4,374
Other	984,421
Total Operating Expenses	988,795
OPERATING INCOME	98,261
NONOPERATING REVENUES AND (EXPENSES):	
Investment Income	25,482
Gifts and Donations	-
Other Nonoperating Revenues	-
Debt Service	(212)
Other Nonoperating Expenses	(13,120)
Total Nonoperating Revenues(Expenses)	12,150
CHANGE IN NET POSITION	110,411
TOTAL NET POSITION - FISCAL YEAR BEGINNING RESTATED	568,309
TOTAL NET POSITION - FISCAL YEAR ENDING	$ 678,720

CONDENSED STATEMENT OF CASH FLOWS

NET CASH PROVIDED (USED) BY:	
Operating Activities	$ 89,577
Noncapital Financing Activities	(13,428)
Capital and Related Financing Activities	(3,194)
Investing Activities	(27,833)
NET DECREASE IN CASH AND POOLED CASH	45,122
CASH AND POOLED CASH, FISCAL YEAR BEGINNING	130,488
CASH AND POOLED CASH, FISCAL YEAR ENDING	$ 175,610

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 2019 UCHealth paid the University $89.4 million and the University paid UCHealth $14.0 million. At June 30, 2019, the University had accounts receivable from UCHealth of $8.9 million and $0.2 million of accounts payable to UCHealth.

The University of Colorado Health and Welfare Trust exists to provide healthcare benefits to employees of the Trust's members, which are the University of Colorado, the University of Colorado Hospital Authority, and 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 2019 the Trust paid medical claims on behalf of the University of $236.2 million. The University made contributions of $224.3 million to the Trust and its employees contributed $28.8 million. At June 30, 2019, the University had accounts receivable from the Trust for $0.9 million, and no accounts payable to the Trust.

The State Board of the Great Outdoors Colorado (GOCO) Trust Fund is a constitutionally created entity whose purpose is to administer the GOCO Program and Trust Fund. The purpose of the program is to promote the wildlife and outdoor recreation resources of the State using funds it receives from the Colorado Lottery. During Fiscal Year 2019, the Board awarded $76.8 million to the Division of Parks and Wildlife at the Department of Natural Resources. At June 30, 2019, GOCO owed the Department of Natural Resources $12.2 million.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, operates the State's health insurance marketplace. During Fiscal Year 2019, the Colorado Health Benefit Exchange received \$3.4 million in payments from the State for eligibility determinations and system changes.

The Colorado Beef Council Authority oversees the sale of cattle in Colorado and imported beef and beef products. Statute requires the Brand Board within the Department of Agriculture to collect a fee up to \$1 on each head of cattle inspected and remit it to the Colorado Beef Council Authority. In return for collecting and administering the fee, 3 percent is paid back to the Brand Board. During Fiscal Year 2019, the Brand Board paid \$3.3 million to the Colorado Beef Council Authority and the Colorado Beef Council Authority paid \$0.1 million to the Brand Board.

The Colorado Housing and Finance Authority (CFHA) Bond Program supports existing programs administered by CHFA that provide loans to small businesses, farms and ranches within the State of Colorado. CHFA operates these programs in coordination with the U.S. Small Business Administration, the Farm Service Agency, and the U.S. Rural Business Cooperative Service. The Department of Treasury held two CHFA bonds during Fiscal Year 2019. One bond was paid off and the Department received \$3.3 million in principle and interest, and as of June 30, 2019, the remaining bond has a face value of \$0.3 million.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

COMMITMENTS

On August 24, 2017, Keiwit Meridiam Partners (KMP) was selected to be the Central 70 project developer to undertake the $1.2 billion project. On November 22, 2017, Colorado Bridge Enterprise (CBE) and the HPTE Boards approved the Project Agreement and completed the commercial close of the Central 70 project. On December 21, 2017, KMP and CBE completed the financial close of the project 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 $133.6 million, which is included on the *Statement of Net Position*. The table below shows the carrying amount of HPTE's capital assets at fiscal year-end pursuant to the concession arrangement.

Project	Description	Carrying Amount	
U.S. 36 Phase II	Tolling Equipment and Software	$	145,084
U.S. 36 Phase II	Managed Lanes		95,263,249
U.S. 36 Phase II	36 Tolling Stations	$	240,789

ENCUMBRANCES

Most encumbrances are supported by annual appropriations and lapse at year-end. However, the Capital Projects Funds, Institutions of Higher Education, and Colorado Department of Transportation Funds (primarily the Highway Users Tax Fund) include multi-year encumbrances of $56.2 million, $55.2 million and $1.2 billion, respectively, which are related to purchase orders and long-term contracts for the construction of major capital projects and infrastructure.

FINANCIAL GUARANTEES

In Fiscal Year 2011, Metropolitan State University of Denver’s Board of Trustees (formerly the Metropolitan State College of Denver Board of Trustees) approved the incorporation of a special purpose nonprofit corporation to be known as HLC @ Metro, Inc. The HLC @ Metro, Inc., a discretely presented nonmajor component unit of the State, created the Hotel/Hospitality Learning Center (HLC) to enhance the University's Hospitality, Tourism, and Events department. The Metropolitan State College of Denver Roadrunner Recovery and Reinvestment Act Finance Authority issued approximately $55.0 million in revenue bonds in October 2010, loaning the proceeds to HLC @ Metro, Inc. to construct the HLC. The HLC generates revenue as a facility open to the general public. Should HLC @ Metro, Inc. not fulfill its obligation to pay any and all principal and interest, the University is obligated to make the payment due, and HLC @ Metro, Inc. is obligated to repay all payments made on its behalf. The guarantee remains in effect until there is no remaining outstanding balance on the 2010 bond issuance. As of June 30, 2019, no liability was recorded by the University as HLC @ Metro, Inc. was deemed fully capable of making its debt payments.

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, 2019, $10.0 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.

The net outstanding principal balance of student loans guaranteed by College Assist at June 30, 2019 is approximately $6.1 billion. Effective December 18, 2015, reinsurance revenue was increased as a result of The Consolidated Appropriations Act, 2016 that changed the maximum reinsurance reimbursement percentage for guaranty agencies to 100% from 95%. The change was effective for claims paid after December 1, 2015. Defaulted loans (claims) are subject to certain trigger figures (trigger rate) which may result in a reduced reimbursement rate. The trigger rate is calculated as of September 30 of each year for purposes of determining the reimbursement rate applicable for the subsequent year.

When the default claim losses exceed 5% of the loans in repayment, it triggers Department of Education to reimburse the default claim at a reduced amount. If the default losses exceed 9%, the reimbursement is reduced further. If College Assist exceeds the threshold trigger rate of 9%, it may be liable for up to a maximum of 25% of the default claim losses. College Assist did not exceed either trigger rate for the period ended September 30, 2019. The trigger rate for the period ended September 30, 2019 1.39%. Any liability that may result would be capped at College Assist’s total net position.

CONTINGENCIES

Numerous court cases are pending in which the plaintiffs allege that the State has deprived persons of their constitutional rights, civil rights, inadequately compensated them for their property, engaged in regulatory misfeasance, or breached contracts. In the aggregate, the monetary damages (actual, punitive, and attorney’s fees) claimed in the constitutional and civil rights cases would exceed the insurance coverage available by a material amount. The property compensation and breach of contract suits are generally limited to the appraised value of the property or the contract amount. In the breach of contract suits, the State often files counterclaims. While it is reasonably possible that awards of judgment could occur, it is unlikely that those awards would have a material adverse effect on the State's financial condition.

The State is the defendant in lawsuits involving various claims of noncompliance with federal regulations, negligence, and unconstitutional treatment of prisoners. In some of these suits, plaintiffs are seeking or have obtained certification as a class for a class action suit. Most of these cases seek actual damages that are not material, but include requests for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement, Medicaid coverage, or residential services are unconstitutional, which could result in significant future construction, medical, or residential services costs that are not subject to reasonable estimation.

Significant matters that are deemed a contingent liability to the State requiring disclosure are summarized below. A significant matter is defined as a single instance where an unfavorable outcome would result in damages of $5.0 million or more.

Grants

The State receives federal grants for specific purposes that are subject to review and audit by grantor agencies. This federal funding is conditional upon compliance with the terms and conditions of such grant agreements and applicable federal laws and regulations. Issues resulting from federal reviews or audits can potentially cause disallowance of expenditures and consequently, a liability of the State.

The federal Department of Health and Human Services, Centers for Medicare and Medicaid (CMS) demanded the State return approximately $38.4 million of performance bonus payments under the Children's Health Insurance Program Reauthorization Act of 2009, on the basis the State improperly included individuals in current enrollment counts. The State is vigorously defending against the recovery demand, but the likelihood of an unfavorable outcome is uncertain. In addition, CMS seeks the disallowance of approximately $5.0 million in payments to the State for services provided at the State-operated Pueblo Regional Center (PRC) alleging violations of federal requirements regarding the administration of the Medicaid Home and Community-based Services Waiver Program for the Developmentally Disabled. The State filed an appeal in October 2016, and the likelihood of an unfavorable outcome is uncertain.

General Litigation

The State is a defendant in a number of lawsuits or is subject to potentially be named as a party to lawsuits that are associated with its normal governmental operations. Although the outcomes are uncertain, some of these litigations could involve substantial losses. However, the State believes in most cases that it will not incur a resulting liability that would have a material or adverse effect on the State's financial condition. Should the State incur a loss through an unfavorable outcome, some of the losses may be covered through liability insurance.

A corrections inmate alleged a corrections officer caused personal injury through the use of excessive force, causing long-term pain and suffering. A case was tried to a jury in March 2018, which returned a verdict in favor of the plaintiff for $6.3 million in damages. The ruling was subsequently set aside in April 2019 in favor of a new trial. The State is preparing to litigate the appeal, and believes there is meaningful potential for an unfavorable outcome.

Further, the State has been named as a defendant related to a claim that it ordered a regulatory taking by prohibiting a corporate entity from legally distributing wastewater. Although the plaintiff seeks $110 million in compensatory damages, a reliable loss or range of loss cannot be estimated at this time. The likelihood of an unfavorable outcome is uncertain.

Taxpayer Bill of Rights (TABOR) Compliance

TABOR is a constitutional measure that limits the State's annual growth of State revenues or spending to the sum of the annual inflation rate and the annual percentage change in the State's population.

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 $7.1 billion in damages through Fiscal Year 2019, 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.

NOTE 20 – TAX ABATEMENTS

The Governor's Office of Economic Development and International Trade (OEDIT) – through the State Economic Development Commission (EDC) – supports recruitment, retention, and economic growth throughout the State by offering a variety of incentives and tax credits. OEDIT provided significant tax abatements under three programs during the fiscal year: Colorado Enterprise Zone Business and Contribution Tax Credits, Job Growth Incentive Tax Credits, and the Regional Tourism Act program.

- The Colorado Enterprise Zone (EZ) program was created under Article 30 of Title 39 of the Colorado Revised Statutes (C.R.S.) to promote a business friendly environment in economically distressed areas by offering state income tax credits that incentivize businesses to locate and develop in these communities. The Enterprise Zone Contribution Credit is a sub-credit of the Enterprise Zone program created under Section 39-30-103.5, C.R.S. The Contribution Credit is issued to taxpayers that contribute to an economic development project initiated by the local zone administrator and approved by the EDC. Taxpayers investing in Enterprise Zones can earn a credit on their Colorado income tax by planning and executing specific economic development activities. The following incentives can be earned by businesses located in Enterprise Zones:

Business Income Tax Credits	Credit Amount
Investment Tax Credit	3.0 percent of equipment purchases
Commercial Vehicles Investment Tax Credit	1.5 percent of commercial vehicle purchases
Job Training Tax Credit	12 percent of qualified training expenses
New Employee Credit	$1,100 per new job created
Agricultural Processor New Employee Credit	$500 per new job created
Employer Sponsored Health Insurance Credit	$1,000 per covered employee
Research & Development Increase Tax Credit	3 percent of increased R&D expenditures
Vacant Commercial Building Rehabilitation Tax Credit	25 percent of rehabilitation expenditures
Additional EZ Incentives	**Incentive Amount**
Manufacturing/Mining Sales and Use Tax Exemption	Expanded Sales & Use tax exemption in EZ
Contribution Tax Credit	25 percent cash/12.5 percent in-kind

  Areas with high unemployment rates (25% above the State average), low per capita income (25% below the State average), and/or slower population growth (less than 25% of the State average in rural areas) may be approved for EZ designation by the EDC.

  Each income tax year, a business located in an EZ must apply and be pre-certified prior to beginning an activity to earn any of the business tax credits listed in the table above. When pre-certifying, the business states that the credit is a contributing factor to the start-up, expansion, or relocation of the business. To certify for the credit, the investments and/or new jobs must have been made. At the end of the income tax year, a business must certify that the activities were performed. Contribution Tax Credits are earned by taxpayers making donations to eligible EZ Contribution Projects, and certifying those donations with the project organization or Local Enterprise Zone Administrator. The Commercial Vehicle Investment Tax Credit has a separate online application process.

  The provision for recapturing abated taxes would be an income tax return audit conducted by the Department of Revenue.

- The Job Growth Incentive Tax Credit (JGITC) is a performance-based job creation incentive program created under Section 39-22-531 C.R.S., in which businesses must create and maintain permanent new jobs for one year before receiving the tax credit. The JGITC provides a state income tax credit equal to 50% of FICA paid by the business on the net job growth for each calendar year in the credit period. A business must undertake a job creation project for which the State of Colorado is competing with at least one other state for the project. The JGITC must be a major factor in the business decision to locate or retain the project in Colorado, and a business may not start or announce the proposed project (including locating or expanding in the State, hiring employees related to the project, or making material expenditures for the project) until a final application has been submitted and approved by the EDC.

Businesses have to create at least 20 new jobs (full-time equivalents) in Colorado during the credit period with an average yearly wage of at least 100% of the county average wage based on where the business is located. A business located in an Enhanced Rural Enterprise Zone must create at least five net new jobs (full-time equivalents) in Colorado during the credit period with an average yearly wage of at least 100% of the county average wage based on where the business is located. The credit period is 96 consecutive months.

The provision for recapturing abated taxes would be an income tax return audit conducted by the Department of Revenue.

- The Regional Tourism Act (RTA) program was created under Sections 24-46-301 through 309 C.R.S., and provides Tax Increment Financing (TIF) to support construction of unique and extraordinary large scale tourism and entertainment facilities that will drive net new visitors and revenue to Colorado. A percentage of state sales tax within a geographic area in a given year that exceeds a base year amount is collected by the Department of Revenue and diverted to a project financing entity. The EDC shall not approve any project that would likely create an annual state sales tax revenue dedication of more than $50 million to all regional tourism projects. A local government will need to submit a regional tourism project application to OEDIT within the application cycle deadline. OEDIT will review the application for general completeness and to make an initial determination regarding whether the application has met the general criteria for a regional tourism project. The EDC will review applications forwarded with OEDIT recommendations and may approve or reject the project based on a demonstration that the following criteria are materially met:

    - The project is of an extraordinary/unique nature and is reasonably anticipated to contribute significantly to economic development and tourism in the State and communities where the project is located.

    - The project is reasonably anticipated to result in a substantial increase in out-of-state tourism.

    - A significant portion of sales tax revenue generated by the project is reasonably anticipated to be attributable to transactions with nonresidents of the zone.

    - The local government has provided reliable economic data demonstrating that in the absence of state sales tax increment revenue, the project is not reasonably anticipated to be developed within the foreseeable future.

  Recipients must follow the EDC resolution based on their application, and must build certain required elements and improvements and follow conditions established by the EDC. The provision for recapturing abated taxes is a formal decision by the EDC concluding the project has not commenced within five years.

Information relevant to disclosure of these tax abatement programs for the fiscal year ended June 30, 2019 is as follows:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Colorado Enterprise Zone Business Tax Credits	$ 55,093.2
Colorado Enterprise Zone Contribution Tax Credits	16,271.1
Job Growth Incentive Tax Credits	16,215.6
Regional Tourism Act	8,767.2
Total	$ 96,347.1

NOTE 21 – SUBSEQUENT EVENTS

A. DEBT ISSUANCES AND REFUNDINGS

On July 9, 2019, the Regents of the University of Colorado issued Taxable Series 2019A University Enterprise Refunding Revenue Bonds for $147,980,000 to advance refund portions of the Series 2010B, Series 2011B, Series 2012 A-1, A-2, A-3, and Series 2013B Bonds. Interest rates range from 2.11% to 3.17%. Final maturity is June 1, 2043. The first interest payment was due December 1, 2019.

On July 18, 2019, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2019A. The notes mature on June 29, 2020. The total due on that date includes $400,000,000 in principal and $11,366,667 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $6,932,000, an average coupon rate of 3.00%, and a true interest cost of 1.16%.

On July 24, 2019, the State issued General Fund Tax and Revenue Anticipation Notes (GTRAN), Series 2019. The notes mature on June 26, 2020. The total due on that date includes $600,000,000 in principal and $22,317,778 in interest. The GTRAN was issued with a premium of $15,821,800, an average coupon rate of 4.03%, and a true interest cost of 1.15%.

On August 21, 2019, the Regents of the University of Colorado issued Taxable Series 2019A-2 University Enterprise Refunding Revenue Bonds for an additional $101,885,000 to advance refund portions of the Series 2009C, 2010B, 2011A, 2012A1 & A3, 2014B1, 2015A&B, and 2016A bonds. Interest rates range from 1.68% to 2.79%. Final maturity is June 1, 2047.

On August 29, 2019, the Board of Trustees for the University of Northern Colorado issued Institutional Enterprise Revenue Refunding Bonds Taxable Series 2019A for $32,855,000. Bond proceeds of $32,580,053 were used to refund the Auxiliary Facilities System Revenue Refunding Bonds, Series 2011A, with an outstanding principal balance of $30,590,000 as of June 30, 2019. The underwriter's discount and cost of issuance totaled $274,947. The Series 2019A bonds are guaranteed by the State Intercept program and have coupon rates of 1.97% to 2.64%. The bonds are set to mature on June 1, 2031.

On October 10, 2019, the State Board for Community Colleges and Occupational Education issued Systemwide Revenue Refunding Bonds Series 2019A for $25,150,000. Interest is payable semiannually on May 1 and November 1. Final maturity of the bonds is November 1, 2039. The principal was used to advance refund a portion of the outstanding Taxable Systemwide Revenue Bonds Series 2010D and pay costs of issuance. The funds were placed into an irrevocable escrow fund for the future debt service payments on the previous series bonds. The principal of the 2019A issue was distributed between Community College of Denver in the amount of $15,555,000 and Pueblo Community College in the amount of $9,595,000. The net present value of savings was approximately $2,100,000. The Board has adopted a resolution statement that it will not participate in the State Intercept Program for the 2019A bonds.

On October 15, 2019, the Regents of the University of Colorado issued Tax-exempt Enterprise Revenue and Refunding Revenue Bonds Series 2019B for $79,795,000 to refund Campus Village Apartment (CVA) direct placement loan of $48,015,000, and to fund CVA improvements, the University of Colorado Anschutz Medical Campus (CU Anschutz) central utility project, and the Fleming Tower renovation at the University of Colorado Boulder (CU Boulder). Interest rates range from 3% to 5%. The first interest payment was due December 1, 2019. Final maturity is June 1, 2049.

On October 15, 2019, the Regents of the University of Colorado issued Tax-exempt Enterprise Revenue and Refunding Revenue Bonds (Term Rate Bonds) Series 2019C for $214,625,000 to fund the First Year Student Housing project at the University of Colorado Denver (CU Denver), and to refund Commercial Paper used to construct the Aerospace Engineering Building and Williams Village East Residence Hall at CU Boulder. These bonds were designated "Green Bonds" due to the LEED certifications of Gold or Platinum for the underlying projects. The interest rate for the 5 year term bond is 2% through the initial period with an initial maturity date of October 15, 2024. Final maturity is December 1, 2054. The first interest payment was due December 1, 2019 and interest only will be paid semi-annually through its initial term.

On November 7, 2019, the Board of Governors of the Colorado State University System issued $33,085,000 in Tax-exempt Enterprise Revenue and Refunding Bonds Series 2019A. The 2019A bonds were sold as State-Intercept backed bonds and will be used to (1) finance and refinance (through refunding certain Commercial Paper Notes) certain improvements as determined by the Board of Governors, including, but not limited to (i) completion of interior construction of the third floor of the Richardson Design Center, (ii) construction of two new facilities expected to be 12,800 gross square feet (gsf) and 5,500 gsf, on the Western Campus in Orchard Mesa, Colorado, (iii) construction of a new facility expected to be 6,733 gsf on the High Plains Campus in Rocky Ford, Colorado, (iv) acquire and improve a three-story building (33,000 gsf) on Centre Avenue in Fort Collins, Colorado, (v) provide a portion of the funds to construct an addition to and renovation of the Shepardson Building, (vi) construction of infrastructure (utilities, roads, buildings, animal waste management facilities, etc.) in support of the veterinary medicine campus on South Campus in Fort Collins, Colorado; and (2) to pay certain costs relating to the issuance of the 2019A Series Bonds.

On November 7, 2019, the Board of Governors of the Colorado State University System issued $79,065,000 in Taxable System Enterprise Revenue Refunding Bonds Series 2019B. The 2019B bonds were sold as State-Intercept backed bonds and will be used to: (1) advance refund (i) a portion of the Board's System Enterprise Revenue Bonds, Series 2012A, (ii) a portion of the Board's System Enterprise Revenue Refunding Bonds, Series 2015C, (iii) a portion of the Board's System Enterprise Revenue Bonds, Series 2015E-1, (iv) a portion of the Board's System Enterprise Revenue Bonds, Series 2015E-2 (Green Bonds), and (v) a portion of the Board's System Enterprise Revenue Refunding Bonds, Series 2017C; (2) construct a new Animal Resource Facility (10,000-12,000 gsf) on the South Campus, and (3) to pay certain costs relating to the issuance of the Series 2019B Bonds.

On December 3, 2019, Colorado Bridge Enterprise (CBE) refinanced the portion of the 2010A bonds issued with an optional par-call redemption provision, enabling CBE to refinance $42,820,000 for the interest rate savings prior to its maturity; the optional redemption date is December 1, 2020. The remainder of the 2010A bonds were issued with a make-whole call provision, which allows CBE to refinance this portion of the bonds for structural considerations, although generally eliminates the ability to achieve debt service savings. The advance refunding of the bonds saved $4,080,000.

On December 5, 2019, the State issued Building Excellent Schools Today (BEST) Certificates of Participation (COP), Series 2019O in the amount of $165,805,000. The COPs were issued as tax-exempt bonds with a premium of $25,832,795, an average coupon rate of 4.26%, and a true interest cost of 3.04%. Base Rents are due semiannually beginning on March 15, 2020, with a final maturity date of March 15, 2044.

On December 27, 2019, the State issued Building Excellent Schools Today (BEST) Refunding Certificates of Participation (COPs), Series 2019P in the amount of $155,595,000 and Refunding Certificates of Participation, Series 2019Q in the amount of $74,935,000. These BEST COPs were issued as taxable-to-tax-exempt convertible loan bonds with zero premiums; average coupon rates of 2.28% and 2.50%, respectively; and true interest costs of 2.29% and 2.52%, respectively. For both series, base rents are due semiannually beginning on March 15, 2020, with Series 2019P having a final maturity date of March 15, 2035; and Series 2019Q having a final maturity date of March 15, 2036.

On January 7, 2020, the Regents of the University of Colorado issued $50,000,000 of commercial paper with a 1.06% rate and June 3, 2020 maturity date. This issuance rolled forward $21,500,000 previously issued commercial paper that matured on January 1, 2020, and added $28,500,000 for project construction funding. The current total outstanding for University commercial paper is $50,000,000.

On January 16, 2020, the Board of Trustees for Colorado Mesa University issued Enterprise Revenue Refunding Bond Taxable Convertible to Tax-Exempt, Series 2020A Advance Refunding of Certain Series 2012A with a par value of $6,290,000, and Series 2012B Bonds with a par value of $4,960,000 for a total refunded par value of $11,250,000. The bond carries a taxable rate of 3.03% through February 15, 2021 then converts to a tax-exempt rate of 2.38% through May 15, 2034. The refunding resulted in net present value savings of $1,029,542 and an accounting loss of $102,150 that will be amortized as an adjustment to interest expense over the life of the Series 2020A bond.

On January 16, 2020, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2019B. The notes mature on June 29, 2020. The total due on that date includes $400,000,000 in principal and $6,055,903 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $4,390,500, an average coupon rate of 3.34%, and a true interest cost of 0.93%.

B. OTHER

At the June 11, 2019 meeting of the Board for the University of Colorado Health and Welfare Trust (Trust), approval was given to the University of Colorado Hospital to withdraw from the Trust effective July 1, 2020. As a result, and if no other members join, the Trust will become a blended component unit of the University of Colorado effective that date.

On July 11, 2019, a longitudinal crack and failure of a wall on U.S. 36 occurred and traffic from the eastbound general purpose and express lanes were detoured to the westbound side of the highway. An emergency contracting process was started immediately and several contracts were established to complete emergency stabilization, design, and re-construction. Rebuilding of the wall and road started on August 18, 2019. The road opened for traffic on September 27, 2019, with repairs to the wall still underway. CDOT and HPTE have estimated that design and repairs will cost approximately $20,000,000. This will be considered a Compensation Event per the U.S. 36 Concession Agreement; however, the cost will not be known until the reconstruction of the wall is complete. A forensic investigation of the cause(s) or of the failure is being led by the Colorado Attorney General's office and a report will be forthcoming once all data is collected and properly analyzed.

On July 18, 2019, the Colorado Department of Transportation (CDOT) presented Flatiron/AECOM (F/A) with a Notice of Breach Under the Design-Build Contract and a rejection of the F/A's June 21, 2019 Monthly Progress Schedule. On July 26, 2019, CDOT and the High-Performance Transportation Enterprise (HPTE) rejected F/A's demands for additional time and potential costs due to winter weather delays. Then on August 2, 2019, because F/A was unable to cure the breach of contract, CDOT notified F/A that they have been placed in Default under the contract because they were unable to meet the Project Completion Deadline of August 1, 2019. F/A responded to CDOT/HPTE's Default Notice on August 9, 2019, claiming that because of material shortages and winter weather delays they were unable to meet the Project Completion Deadline. CDOT and HPTE will meet with the F/A's bond surety to discuss the next steps on the project. Presently, F/A continues to work on the project.

On July 18, 2019, Moody's Investor Services assigned the University of Northern Colorado an A3 underlying and Aa2 enhanced rating to the University's $32,855,000 Institutional Enterprise Revenue Refunding Bonds Taxable Series 2019A. The outlook on the underlying and enhanced ratings is stable.

On August 30, 2019, the University of Colorado Property Corporation's (CUPCO) Board of Directors approved the transfer of the Campus Village Apartments (CVA) and CVA II properties to the University of Colorado Denver. On September 12, 2019, the Regents of the University of Colorado approved the transfer of CVA and CVA II.

On September 10, 2019, Fitch Ratings placed the C-470 project on Rating Watch Negative for the C-470 revenue bonds and the TIFIA loan. The Rating Watch Negative is a reflection of construction delays on the project, and Flatiron/AECOM being placed in default.

On September 12, 2019, the Governor of Colorado signed an executive order identifying property for the intention to create a new state park. There is currently a non-binding letter of intent from all parties expressing the desire to transfer the Fishers Peak property in fee simple to Colorado Parks and Wildlife (CPW). The property is approximately 20,000 acres or 30 square miles. The total acquisition cost is roughly $25,000,000 of which CPW has committed $16,750,000 from Habitat Stamp and Great Outdoors Colorado (GOCO) and GOCO has issued a $7,400,000 open space grant to the Trust for Public Lands (TPL) with the remainder being donated value from TPL depending upon the final appraisal.

On October 3, 2019, the Board of Trustees for Colorado Mesa University (University) authorized the University to issue Series 2019C bonds to advance refund certain Enterprise Revenue Refund Bonds Series 2012A, Enterprise Revenue Bonds Series 2012B and Enterprise Revenue Bonds Series 2016; and, possibly Enterprise Revenue Bonds Series 2013 and Enterprise Revenue Bonds Series 2019B bonds, if market conditions warrant. The goal of the refunding is to achieve a minimum present value savings of 6% on a maturity-by-maturity basis. The market sale would occur when the University is confident it can achieve these savings.

On October 25, 2019, the Department of Personnel & Administration executed an Energy Performance Lease Purchase contract through an escrow agent for $2,100,000 for a project to replace light fixtures in State Capitol Complex buildings with energy efficient LED lighting. This project is expected to be substantially complete by June 30, 2020. The interest rate is 1.99% with repayment completed by July 15, 2032.

On November 1, 2019, the Department of Natural Resources received a $4,282,000 donation. Although there is no legal requirement, Colorado Parks and Wildlife intends, at the benefactor's request, this donation be used for the acquisition or development of a new state park. Currently, these funds are not committed.

The Colorado Energy Office has a loan in the Revolving Loan Fund that is going into default. The current outstanding loan is approximately $1,960,000 and collateralized by equipment. The Colorado Energy Office authorized the borrower to sell three pieces of the equipment expected to provide approximately $40,000 in proceeds. It is estimated the remaining equipment is worth less than $30,000. The Colorado Energy Office is working closely with the Attorney General's Office to understand the legal position.

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, the Denver Metropolitan Baseball Stadium District (the District), a nonmajor DPCU, and HLC @ Metro, Inc. (HLC), a nonmajor DPCU, are prepared on the accrual basis of accounting using the economic resources measurement focus and follow GASB standards for governments. The financial information for the Authority and the District is presented for the fiscal year ended December 31, 2018 and the financial information for HLC is presented for the fiscal year ended June 30, 2019.

The financial information for the University of Colorado Foundation (the Foundation), a major DPCU, is presented for the fiscal year ended June 30, 2019. 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 $317.8 million. This amount comprises $302.9 million held by COLOTRUST (Colorado Local Government Liquid Asset Trust), $4.9 million held in the State Treasurer's Investment Pool, $9.7 million in a Federated Government Obligations Fund, and $.3 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> – 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 Foundation's investments by type within the fair value hierarchy as of June 30, 2019. In addition to the investments at reported at fair value below, the Foundation reports investment assets at cost or present value of $2.1 million and real estate assets reported at appraised value at the date of donation of $1.6 million.

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

Investment Type	Fair Value as of 6/30/2019	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
Cash and Cash Equivalents	$ 22,438	$ 22,438	$ -	$ -	$ -
Domestic Equities	453,162	329,639	-	45,900	77,623
International Equities	547,898	404,197	-	-	143,701
Fixed Income	235,285	180,952	26,232	-	28,101
Real Estate	67,269	-	-	-	67,269
Private Equity	319,688	-	-	-	319,688
Absolute Return	227,839	-	-	-	227,839
Venture Capital	130,513	-	-	527	129,986
Commodities	15,066	-	-	-	15,066
Other	746	-	522	224	-
Assets Held Under Split-Interest Agreements	39,095	39,095	-	-	-
Beneficial Interest in Charitable Trusts Held by Others	9,096	-	-	9,096	-
Total	**$2,068,095**	**$ 976,321**	**$ 26,754**	**$ 55,747**	**$1,009,273**

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 $982.3 million as of December 31, 2018. The scheduled maturities of the loans receivable are below.

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

Year	Principal	Interest	Total
2019	$ 72,171	$ 15,392	$ 87,563
2020	66,130	14,392	80,522
2021	65,170	13,197	78,367
2022	65,951	12,020	77,971
2023	63,145	10,838	73,983
2024 to 2028	285,703	41,454	327,157
2029 to 2033	216,255	22,349	238,604
2034 to 2038	118,541	6,546	125,087
2039 to 2043	22,276	1,549	23,825
2044 to 2048	6,877	164	7,041
2049	57	-	57
Total	**$ 982,276**	**$ 137,901**	**$ 1,120,177**

The Foundation reported contributions receivable of $164.4 million. This amount is net of allowances for uncollectible contributions and net present value discount. Of this amount, $65.6 million is due within one year, $94.6 million is due within one to five years, and $4.2 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. In 2018, a series of Clean Water Revenue Bonds and a series Drinking Water Revenue Bonds were issued for $10.6 million and $5.2 million, respectively. Also, the 1998 Series A Clean Water Revenue Bonds and the 2006 Series A Drinking Water Revenue Bonds were fully retired in 2018. As of December 31, 2018, the Authority reported $39.4 million in current bonds payable and $421.0 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
2019	$ 39,390	$ 19,721	$ 59,111
2020	34,805	18,035	52,840
2021	33,110	16,448	49,558
2022	34,360	14,906	49,266
2023	32,920	13,342	46,262
2024 to 2028	138,810	48,376	187,186
2029 to 2033	97,615	23,129	120,744
2034 to 2038	39,015	6,100	45,115
2039 to 2043	9,255	1,336	10,591
2044 to 2048	1,110	92	1,202
Total	**$ 460,390**	**$ 161,485**	**$ 621,875**

In 2010, the Board of Trustees of the Metropolitan State University of Denver created HLC to finance, construct, operate, and own the Hotel and Hospitality Learning Center. Bonds were issued in 2010 to finance the construction in the amount of $54.9 million. HLC is servicing this debt, which has been guaranteed by the State. The schedule below summarizes the remaining debt service payments.

HLC @ Metro, Inc.
Debt Service Requirements
(In Thousands)

Fiscal Year	Principal	Interest	Total
2020	$ 1,300	$ 3,038	$ 4,338
2021	1,350	2,981	4,331
2022	1,385	2,920	4,305
2023	1,425	2,846	4,271
2024	1,475	2,767	4,242
2025 to 2029	8,225	12,472	20,697
2030 to 2034	9,980	9,636	19,616
2035 to 2039	12,235	6,043	18,278
2039 to 2043	13,240	1,604	14,844
Total	**$ 50,615**	**$ 44,307**	**$ 94,922**

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 2018 are below.

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

	Beginning Balance, 1/1/2018	Additions	Transfers	Retirements	Ending Balance, 12/31/2018
Historical Costs					
Land	$ 20,613	$ -	$ -	$ -	$ 20,613
Land Improvements	13,214	-	-	-	13,214
Buildings	174,888	18,724	3,628	-	197,240
Construction in Progress	3,628	3,939	(3,628)	-	3,939
Other Property and Equipment	30,944	1,693	-	(454)	32,183
Total Historical Costs	243,287	24,356	-	(454)	267,189
Accumulated Depreciation					
Land Improvements	(6,253)	(226)	-	-	(6,479)
Buildings	(65,911)	(4,785)	-	-	(70,696)
Other Property and Equipment	(22,828)	(1,032)	-	379	(23,481)
Total Accumulated Depreciation	(94,992)	(6,043)	-	379	(100,656)
Net Capital Assets	**$ 148,295**	**$ 18,313**	**$ -**	**$ (75)**	**$ 166,533**

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 $10.4 million in the fiscal year ending December 31, 2018.

As described above, HLC operates the Hotel and Hospitality Learning Center. The Auraria Higher Education Center leases the ground on which the Hotel is built to Metropolitan State University of Denver for $1 per year. The University subleases the land to HLC for $1 per year.

The Foundation reported custodial funds of $447.8 million, held for investment for the University of Colorado. In Fiscal Year 2019, the Foundation collected a 1.5% annual advancement support assessment on these funds, which was $4.9 million. $160.8 million of distributions were transferred to the University and $24.8 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, 2018, the Authority reported a liability of $7,934,212 for its proportionate share of the collective net pension liability.

The Authority recognized pension expense of $1,939,823 for the fiscal year ended December 31, 2018. At December 31, 2018, 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	$ 123,713	$ -
Changes of assumptions or other inputs	1,377,682	-
Net difference between projected and actual earnings on pension plan investments	-	298,891
Changes in proportion and differences between contributions recognized and proportionate share of contributions	30,705	-
Contributions subsequent to the measurement date	231,448	-
Total	$ 1,763,548	$ 298,891

At December 31, 2018, the Authority reported $231,448 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2019	$ 1,216,910
2020	240,927
2021	(111,007)
2022	(113,561)
	$ 1,233,269

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, 2018, the Authority reported a liability of $186,164 for its proportionate share of the collective net OPEB liability.

The Authority recognized OPEB expense of $14,790 for the fiscal year ended December 31, 2018. At December 31, 2018, 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	$	880	$	-
Changes of assumptions or other inputs		-		-
Net difference between projected and actual earnings on OPEB plan investments		-		3,114
Changes in proportion and differences between contributions recognized and proportionate share of contributions		1,028		-
Contributions subsequent to the measurement date		12,341		-
Total	**$**	**14,249**	**$**	**3,114**

At December 31, 2018, the Authority reported $12,341 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount	
2019	$	(404)
2020		(404)
2021		(404)
2022		(403)
2023		375
Thereafter		34
	$	**(1,206)**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 3,266,980	
Income Taxes			7,234,664	
Other Taxes			278,641	
Sales and Services			1,003	
Interest Earnings			26,205	
Other Revenues			36,431	
Transfers-In			232,809	
TOTAL REVENUES AND TRANSFERS-IN			11,076,733	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 11,107	$ 11,107	11,107	$ -
Corrections	810,881	829,097	827,467	1,630
Education	4,180,288	4,114,386	4,113,625	761
Governor	42,340	42,304	41,045	1,259
Health Care Policy and Financing	2,903,537	2,945,962	2,956,480	(10,518)
Higher Education	1,003,594	1,000,768	1,000,603	165
Human Services	982,588	978,022	962,028	15,994
Judicial Branch	553,074	560,715	553,768	6,947
Labor and Employment	19,475	19,278	19,278	-
Law	16,611	16,612	16,029	583
Legislative Branch	50,288	50,288	50,288	-
Local Affairs	32,786	32,845	32,784	61
Military and Veterans Affairs	11,110	11,207	10,690	517
Natural Resources	32,005	32,005	31,894	111
Personnel & Administration	14,074	12,951	12,945	6
Public Health and Environment	52,020	50,147	50,091	56
Public Safety	183,106	184,816	183,663	1,153
Regulatory Agencies	1,951	2,019	2,004	15
Revenue	79,159	79,159	78,456	703
Treasury	12,523	12,547	10,306	2,241
SUB-TOTAL OPERATING BUDGETS	10,992,517	10,986,235	10,964,551	21,684
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	1,527	2,454	59	2,395
Corrections	10,950	26,901	8,643	18,258
Education	972	4,428	3,126	1,302
Governor	16,502	50,785	19,389	31,396
Health Care Policy and Financing	1,141	3,016	185	2,831
Higher Education	97,460	160,345	49,999	110,346
Human Services	26,120	95,263	12,285	82,978
Military and Veterans Affairs	3,065	8,339	5,541	2,798
Personnel & Administration	7,295	9,371	3,269	6,102
Public Health and Environment	-	700	118	582
Public Safety	2,928	-	-	-
Revenue	-	24,951	24,951	-
Transportation	500	1,302	788	514
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	168,460	387,855	128,353	259,502
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 11,160,977	$ 11,374,090	11,092,904	$ 281,186
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (16,171)	

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

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES,
AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS
BUDGET AND ACTUAL - APPROPRIATED CASH FUNDED
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 10,476	
Income Taxes			692,800	
Other Taxes			104,734	
Tuition and Fees			2,972,142	
Sales and Services			1,501,663	
Interest Earnings			47,369	
Other Revenues			766,250	
Transfers-In			1,510,972	
Capital Contributions			985	
TOTAL REVENUES AND TRANSFERS-IN			7,607,391	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 34,679	$ 31,993	27,676	$ 4,317
Corrections	77,622	79,353	58,959	20,394
Education	1,252,706	1,143,859	1,096,128	47,731
Governor	282,980	284,323	241,668	42,655
Health Care Policy and Financing	1,366,634	1,476,321	1,447,112	29,209
Higher Education	3,119,663	3,129,951	2,936,523	193,428
Human Services	322,107	322,035	273,068	48,967
Judicial Branch	161,378	160,136	136,078	24,058
Labor and Employment	74,728	70,641	70,198	443
Law	62,758	63,138	59,217	3,921
Legislative Branch	1,558	1,558	1,123	435
Local Affairs	43,370	38,188	34,299	3,889
Military and Veterans Affairs	1,204	1,204	958	246
Natural Resources	242,864	242,071	185,647	56,424
Personnel & Administration	131,655	130,306	113,734	16,572
Public Health and Environment	244,082	243,015	209,544	33,471
Public Safety	279,272	278,364	255,930	22,434
Regulatory Agencies	88,364	88,456	83,261	5,195
Revenue	219,082	218,358	200,451	17,907
State	25,366	26,343	23,960	2,383
Transportation	38,458	112,708	38,177	74,531
Treasury	31,354	40,654	40,039	615
SUB-TOTAL OPERATING BUDGETS	8,101,884	8,182,975	7,533,750	649,225
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	-	16,160	12,896	3,264
Corrections	-	1,320	-	1,320
Governor	8,912	14,959	2,253	12,706
Higher Education	53,283	235,434	13,360	222,074
Human Services	1,859	5,363	716	4,647
Labor and Employment	2,785	32,759	17,142	15,617
Natural Resources	17,540	42,602	7,099	35,503
Personnel & Administration	1,636	550	181	369
Public Health and Environment	-	5,377	246	5,131
Public Safety	-	2,689	2,184	505
Transportation	-	1,100	875	225
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	86,015	358,313	56,952	301,361
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 8,187,899	$ 8,541,288	7,590,702	950,586
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 16,689	

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

SCHEDULE OF REVENUES, EXPENDITURES / EXPENSES,
AND CHANGES IN FUND BALANCES / NET POSITION - BUDGETARY BASIS
BUDGET AND ACTUAL - APPROPRIATED FEDERALLY FUNDED
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 5,878,205	
TOTAL REVENUES AND TRANSFERS-IN			5,878,205	
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 5,615,496	$ 5,659,180	5,493,183	$ 165,997
Human Services	343,429	360,466	326,855	33,611
Labor and Employment	39,712	38,728	37,514	1,214
Military and Veterans Affairs	-	8	8	-
Public Health and Environment	19,749	19,749	17,919	1,830
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	6,018,386	6,078,131	5,875,479	202,652
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 6,018,386	$ 6,078,131	5,875,479	$ 202,652
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 2,726	

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

REQUIRED SUPPLEMENTARY INFORMATION
RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUNDS	
	GENERAL	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:		
Revenues and Transfers-In Appropriated (Required Supplementary Information):		
General	$ 10,883,810	$ 192,923
Cash	934,316	2,044,546
Federal	3,583,686	2,368
Sub-Total Revenues and Transfers-In Appropriated	15,401,812	2,239,837
Revenues and Transfers-In Non-Appropriated (Supplementary Information):		
General	1,427,003	-
Cash	4,885,619	4,708,445
Federal	2,421,346	805,011
Sub-Total Revenues and Transfers-In Non-Appropriated	8,733,968	5,513,456
Total Revenues and Transfers-In Appropriated and Non-Appropriated	24,135,780	7,753,293
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):		
General Funded	10,955,551	137,353
Cash Funded	935,744	2,085,796
Federally Funded	3,583,264	68
Expenditures/Expenses and Transfers-Out Appropriated	15,474,559	2,223,217
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):		
General Funded	1,425,389	-
Cash Funded	4,534,070	4,135,977
Federally Funded	2,414,643	689,441
Expenditures/Expenses and Transfers-Out Non-Appropriated	8,374,102	4,825,418
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	23,848,661	7,048,635
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	(72,747)	16,620
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	359,866	688,038
BUDGETARY BASIS ADJUSTMENTS:		
Increase/(Decrease) for Unrealized Gains/Losses	35,457	120,730
Increase/(Decrease) for GAAP Expenditures Not Budgeted	458,871	1,699,678
Increase/(Decrease) for GAAP Revenue Adjustments	(725,292)	(1,310,956)
Increase/(Decrease) for Non-Budgeted Funds	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	56,155	1,214,110
GAAP BASIS FUND BALANCES/NET POSITION:		
NET POSITION - FISCAL YEAR BEGINNING (as restated)	2,006,752	5,301,892
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 2,062,907	$ 6,516,002

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

PROPRIETARY FUND TYPES					
HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	OTHER ENTERPRISE FUNDS	INTERNAL SERVICE	**TOTAL PRIMARY GOVERNMENT**	**FIDUCIARY FUND TYPES**
$ -	$ -	$ -	$ -	$ 11,076,733	$ -
3,012,649	996,252	247,594	369,113	7,604,470	2,921
-	2,292,147	4	-	5,878,205	-
3,012,649	3,288,399	247,598	369,113	24,559,408	2,921
-	-	-	-	1,427,003	-
334,658	723	1,563,187	81,781	11,574,413	2,368,189
415	170,259	357,184	-	3,754,215	-
335,073	170,982	1,920,371	81,781	16,755,631	2,368,189
3,347,722	3,459,381	2,167,969	450,894	41,315,039	2,371,110
-	-	-	-	11,092,904	-
2,890,044	993,907	326,365	356,116	7,587,972	2,730
-	2,292,147	-	-	5,875,479	-
2,890,044	3,286,054	326,365	356,116	24,556,355	2,730
-	-	-	-	1,425,389	-
367,240	1,834	1,155,861	83,191	10,278,173	1,698,603
16,963	170,260	329,349	-	3,620,656	-
384,203	172,094	1,485,210	83,191	15,324,218	1,698,603
3,274,247	3,458,148	1,811,575	439,307	39,880,573	1,701,333
122,605	2,345	(78,767)	12,997	3,053	191
(49,130)	(1,112)	435,161	(1,410)	1,431,413	669,586
13	629	12,249	676	169,754	3,912
5,646	27,721	117,933	33,116	2,342,965	1,276
15,656	(31,947)	(44,010)	2,242	(2,094,307)	(3,252)
806,759	-	-	-	806,759	-
901,549	(2,364)	442,566	47,621	2,659,637	671,713
781,990	10,402	2,385,877	(554,106)	9,932,807	8,454,681
$ 1,683,539	$ 8,038	$ 2,828,443	$ (506,485)	12,592,444	$ 9,126,394

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE RSI-1 – BUDGETARY INFORMATION

A. BUDGETARY BASIS

Budget schedules are presented as appropriated and nonappropriated for each category. The appropriated schedules are part of the Required Supplementary Information (RSI) section while the nonappropriated schedules are part of the Supplementary Information (SI) section.

The three budget-to-actual schedules in the RSI show revenues and expenditures that are legislatively appropriated, excluding informational only appropriations that do not require action of the legislature but are included in the appropriations bills for informational purposes only. These schedules are presented in the budgetary fund structure discussed below.

Budgetary fund types differ from fund types proscribed by generally accepted accounting principles. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds include financial resources designated to support specific expenditures. Federal funds primarily include revenues received from the federal government. All other financial resources received are general-purpose revenues, and are not designated for specific expenditures until appropriated.

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

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions:

- Payments to employees paid on a monthly basis for time worked in June of each fiscal year are made on the first working day of the following month; for general-funded appropriations those payments are reported as expenditures in the following fiscal year.

- Certain payments by state agencies to the Office of Information Technology for information technology services purchased in June using general-funded appropriations are reported as expenditures in the following fiscal year.

- Medicaid services claims are reported as expenditures only when the Department of Health Care Policy and Financing requests payment by the State Controller for medical services premiums under the Colorado Medical Services Act or for medical service provided by the Department of Human Services under the Colorado Medical Services Act. Similar treatment is afforded to non-administrative expenditures that qualify for federal participation under Title XIX of the federal Social Security Act except for medically indigent program expenditures. In most years, this results in the Department of Health Care Policy and Financing excluding expenditures accrued for services provided but not yet billed.

- Expenditures of the fiscal year in the following three categories that have not been paid at June 30 are reported in the following year: Old Age Pension Health and Medical Care program costs; state contributions required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; and financial administration costs of any non-administrative expenditure under the Children's Basic Health Plan.

- Unrealized gains and losses on investments are not recognized as changes in revenue on the budgetary basis.

- Pension expense related to unfunded pension liabilities are not recognized on a budgetary basis.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of the State government, with the exception of custodial funds and federal moneys not requiring matching state funds, are controlled by annual appropriations made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the department. In addition, the Commission may appropriate available fund balance from its portion of the Highway Fund.

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

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

Most general and cash funded appropriations, with the exception of capital projects, lapse at year-end unless specifically required by the General Assembly or executive action is taken to rollforward all or part of the remaining unspent budget authority. Appropriations that meet the strict criteria for rollforward are reported in Note 19. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end. Cash funded highway construction, maintenance and operations in the Department of Transportation are appropriated as operating budgets, but remain available in future years through action of the Transportation Commission.

The appropriation controls the combined expenditures and encumbrances of the State, in the majority of the cases, to the level of line item within the State agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures. The appropriation may be retroactively adjusted in the following session of the General Assembly by a supplemental appropriation.

On the three budget-to-actual schedules, the column titled Original Appropriation consists of the Long Appropriations Act and special bills, excluding informational only appropriations. The column titled Final Spending Authority includes the original appropriation and supplemental appropriations of the Legislature.

Spending occurs outside of the legislative appropriations process primarily for custodial purposes, federally-funded activity for which there is no general-purpose revenue matching requirement, statutory transfers, and other miscellaneous budgetary items. Additional budget-to-actual schedules related to nonappropriated activity are included in the Supplementary Section of the Comprehensive Annual Financial Report.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. The modified and full accrual basis of accounting is converted to the budgetary basis of accounting as noted above. In the General Purpose Revenue Fund and Capital Projects Fund, if earned cash revenues plus available fund balance and earned federal revenues are less than cash and federal expenditures, then those excess expenditures are considered general-funded expenditures. If general-funded expenditures exceed the general-funded appropriation then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation. Individual overexpenditures are listed in Note 2. Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary schedules. These events and transactions are shown in the reconciliation as “Unrealized Gains/Losses” and/or “GAAP Revenue Adjustments.”

D. BUDGET TO GAAP RECONCILIATION

The *Reconciling Schedule – All Budget Fund Types to All GAAP Fund Types* shows how revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure and how nonappropriated revenues, expenditures/expenses, and transfers under the budgetary basis in the budgetary fund structure relate to the change in fund balances/net position for the funds presented in the fund-level financial statements.

Certain expenditures on a generally accepted accounting principle (GAAP) basis, such as bad debt expense related to loan activity and depreciation, are not budgeted by the General Assembly. In addition, certain General Purpose Revenue Fund payroll disbursements for employee time worked in June by employees paid on a monthly basis, June general-funded purchases of service from the Office of Information Technology, and Medicaid and certain other assistance program payments (see Section A above) accrued but not paid by June 30 are excluded from the expenditures are not shown on the budget-to-actual schedules but are included in the budget-to-actual reconciliation schedule as “GAAP Expenditures Not Budgeted.” Additionally, this line item includes some transactions considered expenditures for budgetary purposes, such as loan disbursements and capital purchases in proprietary fund types, are not expenditures on a GAAP basis.

Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments, affect revenues on a GAAP basis but not on the budgetary basis. Federal Medicaid revenues related to deferred Medicaid expenditures result in revenues on the GAAP statements but not on the budgetary schedules. These events and transactions are shown in the reconciliation as “Unrealized Gains/Losses” and/or “GAAP Revenue Adjustments.”

The inclusion of these revenues and expenditures and the change in nonbudgeted funds along with the balances from the budget-to-actual schedules is necessary to reconcile to the GAAP fund balance.

E. OUTSTANDING ENCUMBRANCES

The State uses encumbrance accounting as an extension of formal budget implementation in most funds except certain fiduciary funds, and certain Higher Education Institutions Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation. Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year.

NOTE RSI-2 – THE STATE'S DEFINED BENEFIT PENSION PLAN

A. PROPORTIONATE SHARE OF PENSION LIBILITY AND CONTRIBUTIONS

Proportionate Share:

The State, Judicial, Denver Public Schools, and Schools Divisions Trust Funds – which are defined benefit cost-sharing multiple-employer pension plans – are administered by the Public Employees' Retirement Association (PERA). The schedule below presents the State's (primary government's) proportionate share of the net pension liability for its retirement Trusts. The amounts presented for each Division were determined as of the measurement date, which is the calendar year-end that occurred within the State's fiscal year. Information is not available prior to calendar year 2013 for the State and Judicial Divisions, and Calendar Year 2018 for the Denver Public Schools and Schools Divisions.

State Division

(Amounts In Thousands)

	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	95.95%	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of Net Pension liability	$ 10,918,046	$ 19,091,149	$ 17,539,728	$ 10,079,252	$ 9,016,144	$ 8,539,181
State's covered payroll	$ 3,262,962	$ 2,796,014	$ 2,751,094	$ 2,687,152	$ 2,586,800	$ 2,570,286
State's proportionate share of the net pension liability as a percentage of its covered payroll	334.61%	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	55.11%	43.20%	42.59%	56.11%	59.84%	61.00%

Judicial Division

(Amounts In Thousands)

	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	94.91%	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of Net Pension liability	$ 134,072	$ 218,136	$ 239,423	$ 172,824	$ 129,499	$ 102,756
State's covered payroll	$ 55,706	$ 46,764	$ 46,320	$ 44,159	$ 40,114	$ 37,203
State's proportionate share of the net pension liability as a percentage of its covered payroll	240.68%	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	68.48%	58.70%	53.19%	60.13%	66.89%	77.41%

Denver Public Schools Division

(Amounts In Thousands)

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

Schools Division

(Amounts In Thousands)

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

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the State and Judicial Divisions as of each fiscal year ending June 30:

State & Judicial Division

(Amounts In Thousands)

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Contractually required contributions	$ 649,516	$ 549,049	$ 524,478	$ 492,159	$ 453,406	$ 419,912	$ 368,468	$ 276,326	$ 256,682	$ 291,892
Contributions in relation to the contractually required contributions	(649,516)	(549,049)	(524,478)	(492,159)	(453,406)	(419,912)	(368,468)	(276,326)	(256,682)	(291,892)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,381,530	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455	1,998,390	2,438,135
Contributions as a percentage of covered payroll	19.21%	19.08%	18.64%	17.76%	16.87%	15.98%	14.62%	11.26%	12.84%	11.97%

State Division

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Contractually required contributions	639,485	541,295	516,932	484,588	$ 446,528	$ 413,694	$ 362,791	$ 272,068	$ 252,727	$ 287,394
Contributions in relation to the contractually required contributions	(639,485)	(541,295)	(516,932)	(484,588)	(446,528)	(413,694)	(362,791)	(272,068)	(252,727)	(287,394)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,320,884	2,829,559	2,767,479	2,725,417	2,645,149	2,590,401	2,479,774	2,422,689	1,969,813	2,409,003
Contributions as a percentage of covered payroll	19.26%	19.13%	18.68%	17.78%	16.88%	15.97%	14.63%	11.23%	12.83%	11.93%

Judicial Division

	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Contractually required contributions	$ 10,031	$ 7,754	$ 7,546	$ 7,571	$ 6,878	$ 6,218	$ 5,677	$ 4,258	$ 3,955	$ 4,498
Contributions in relation to the contractually required contributions	(10,031)	(7,754)	(7,546)	(7,571)	(6,878)	(6,218)	(5,677)	(4,258)	(3,955)	(4,498)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	60,646	47,454	46,181	46,332	42,088	38,057	41,019	30,766	28,577	29,132
Contributions as a percentage of covered payroll	16.54%	16.34%	16.34%	16.34%	16.34%	16.34%	13.84%	13.84%	13.84%	15.44%

Denver Public Schools Division

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

Schools Division

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

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

<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.

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.

<u>2015 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.

<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 2018	CY 2017	CY 2016
State's proportion (percentage) of the collective net OPEB liability	33.40%	33.71%	33.83%
State's proportionate share of the collective net OPEB liability	$ 454,363	$ 438,113	$ 438,677
State's covered payroll	$ 3,318,668	$ 2,842,778	$ 2,797,414
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	13.69%	15.41%	15.68%
Fiduciary net position as a percentage of the total OPEB liability	17.03%	17.53%	16.72%

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the HCTF as of each fiscal year ending June 30:

(Amounts In Thousands)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Contractually required contributions	$ 30,171	$ 29,346	$ 28,699	$ 28,272	$ 27,410	$ 26,810	$ 25,712	$ 25,025	$ 20,384	$ 24,869
Contributions in relation to the contractually required contributions	(30,171)	(29,346)	(28,699)	(28,272)	(27,410)	(26,810)	(25,712)	(25,025)	(20,384)	(24,869)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	2,957,937	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793	2,453,455	1,998,390	2,438,135
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%	1.02%

B. CHANGES IN THE TOTAL UNIVERSITY OPEB LIABILITY AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

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

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

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

There are no assets accumulated in a trust to pay related benefits for the University OPEB Plan. The University's actuaries utilized different mortality tables in Fiscal Year 2019.

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GENERAL PURPOSE REVENUE COMPONENT
FOR THE YEAR ENDED JUNE 30, 2019
(DOLLARS IN THOUSANDS)

	Forecasted / Budgeted Amounts		Actual Amounts	
	Original	Final	Budgetary Basis	Variance
Budgetary fund balance, July 1	$ 691,107	$ 691,107	$ 691,107	
Resources (Inflows):				
Sales and use tax	3,562,400	3,640,300	3,592,176	$ (48,124)
Other excise taxes	102,300	104,600	103,146	(1,454)
Individual income tax, net	7,206,300	7,540,650	7,327,511	(213,139)
Corporate income tax, net	722,000	836,550	855,707	19,157
Insurance tax	319,300	315,300	314,664	(636)
Pari-mutuel, courts, and other	37,300	28,400	53,072	24,672
Investment income	18,700	14,200	26,517	12,317
Transfers-in from other funds	6,800	19,200	37,524	18,324
Amounts available for appropriation	12,666,207	13,190,307	13,001,424	(188,883)
Charges to appropriations (outflows):				
Agriculture	11,107	11,107	11,107	-
Corrections	810,881	829,097	827,467	1,630
Education	4,180,288	4,114,386	4,113,625	761
Governor	43,090	43,054	41,795	1,259
Health Care Policy and Financing	2,915,601	2,956,984	2,967,476	(10,492)
Higher Education	1,005,311	1,001,176	1,001,010	166
Human Services	991,332	978,294	962,300	15,994
Judicial Branch	553,074	560,715	553,768	6,947
Labor and Employment	19,593	19,278	19,278	-
Law	16,611	16,612	16,029	583
Legislative Branch	49,914	50,288	50,288	-
Local Affairs	38,520	37,145	37,007	138
Military and Veterans Affairs	11,110	11,207	10,690	517
Natural Resources	32,005	32,005	31,894	111
Personnel and Administration	16,047	13,923	13,711	212
Public Health and Environment	54,039	52,166	51,959	207
Public Safety	183,106	184,816	183,663	1,153
Regulatory Agencies	6,101	6,169	6,154	15
Revenue	245,030	388,090	361,461	26,629
Treasury	1,080,602	1,080,626	1,038,877	41,749
Nondepartmental:				
Transfers-out to capital projects fund	-	90,382	90,382	-
Total charges to appropriations	12,263,362	12,477,520	12,389,941	87,579
Budgetary reserves and amounts not forecasted or budgeted:				
Increase in Contingency reserve - C.R.S. 24-75-201.1	(139,300)	(139,300)	(139,300)	-
Release of prior year State Controller approved rollforwards			29,641	
State Controller approved rollforwards			(33,264)	
Net of revenues not forecasted and expenditures not budgeted			(20,216)	
Total budgetary reserves and amounts not forecasted or budgeted	(139,300)	(139,300)	(163,139)	
Budgetary fund balance, June 30	$ 263,545	$ 573,487	$ 448,345	

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

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND- GENERAL PURPOSE REVENUE COMPONENT
BUDGET-TO-GAAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2019
(DOLLARS IN THOUSANDS)

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures		
Sources/inflows of resources:		
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule.	$	13,001,424
Differences - budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.		(691,107)
Federal revenues not forecasted		5,996,265
Fee revenues and other funding sources not forecasted		717,430
Other revenues not forecasted		29,006
Deferred Medicaid revenues are excluded from inflows of budgetary resources but are revenues for financial reporting purposes - C.R.S. 24-75-201(2)(a)(II).		(89,693)
Fair value of investments in excess of cost is excluded from inflows of budgetary resources but is revenue for financial reporting purposes.		24,227
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control		(452,479)
Transfers are inflows of budgetary resources but are other financing sources for financial reporting purposes.		(173,254)
Capital lease proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.		(528)
Insurance recoveries are not revenues for financial reporting purposes.		(215)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$	18,361,076
Uses/outflows of resources and reserves:		
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.		12,389,941
Differences - budget to GAAP:		
Expenditures of federal grants and contracts not budgeted		5,990,816
Fee revenue and other funding uses not budgeted		683,866
Other expenditures not budgeted		88,235
Transfers to other funds are outflows of budgetary resources but are other financing uses for financial reporting purposes.		(5,384,140)
Deferred Medicaid expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201(2)(a)(II).		(135,011)
Deferred payroll expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201(2)(a)(III).		106,757
Deferred information technology expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201(2)(a)(IV).		486
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control.		(452,479)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances—general fund components	$	13,288,471

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

NOTE RSI-4

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND – GENERAL PURPOSE REVENUE COMPONENT

The State of Colorado reports components of the General Fund segregated by revenues being either general purpose or special purpose. Special purpose revenues are fund component revenues which are not of a sufficient original source to qualify for reporting as a special revenue fund. The special purpose components of the General Fund are: State Public Schools, Risk Management, and Other Special Purpose. General purpose revenues are not designated for a specific purpose and are reported in the General Purpose Revenue component of the General Fund. The General Purpose Revenue component of the General Fund is the primary operating fund of the state and is used to account for all financial resources and activity not required to be accounted for in another fund. Refer to the Supplementary Information section for additional information on the General Fund components and combining statements for the General Fund.

This schedule is presented primarily to report the change in budgetary fund balance from the prior fiscal year. The change in budgetary fund balance, as reconciled to the state's financial statements, supports the state's budgetary process. Ending budgetary fund balance on this schedule combined with relevant revenue forecasts are used to determine the total amount to be appropriated for the following fiscal year.

Beginning budgetary fund balances, resources (inflows), and amounts available for appropriation for the original budget and final budget are based on quarterly economic forecasts prepared by the Governor's Office of State Planning and Budgeting. Beginning budgetary fund balance and resources (inflows) in the actual amounts column reconcile to the state's accounting system. The March 2018 forecast is used for the original budget and the December 2018 forecast is used for the final budget. Charges to appropriations (outflows) for original and final budget are derived from budgeted expenditures recorded in the state's accounting system and agree to appropriations made by the General Assembly.

The original and final budget does not include budgeted amounts for federal grants and contracts, fees and other funding sources/uses, and revenues/expenditures not budgeted because they are currently not forecasted by the Office of State Planning and Budget. Amounts are included in the actual column because the activity is accounted for in this component of the General Fund.

Certain state laws result in budget-to-GAAP differences. C.R.S. 24-75-201(2)(a)(II) excludes Medicaid revenues from inflows of budgetary resources but they are revenues for financial reporting. C.R.S. 24-75-201(2)(a)(III) excludes Medicaid expenditures from outflows of budgetary resources but they are expenditures for financial reporting. C.R.S. 24-75-201(2)(a)(IV) excludes some payroll-related expenditures from outflows of budgetary resources but they are expenditures for financial reporting. C.R.S. 24-75-201(2)(a)(IV) excludes specific information technology expenditures from outflows of budgetary resources but they are expenditures for financial reporting purposes. Refer to the Budget-to-GAAP Reconciliation for amounts related to these statutorily-based budget-to-GAAP differences as well as for information on other budget-to-GAAP differences.

State law (C.R.S. 24-75-201.1) restricts state appropriations from this component of the General Fund so that budgetary resources will be available for use in a state fiscal emergency. A state fiscal emergency may be declared by the passage of a joint resolution which is approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor. The reserve for Fiscal Year 2019 is $814.2 million. The reserve is included in this schedule and therefore beginning and ending budgetary fund balance are net of the required reserve. A positive ending budgetary fund balance in the actual column indicates a reserve maintained in compliance with state law.

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, 2019

(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	$ 649,531	$ 1,632	$ 36,233	$ 357,808	$ 1,045,204	$ -	$ 1,045,204
Taxes Receivable, net	1,934,123	-	-	-	1,934,123	-	1,934,123
Other Receivables, net	530,470	-	630	220	531,320	-	531,320
Due From Other Governments	411,756	1,942	-	218	413,916	-	413,916
Due From Other Funds	29,319	-	-	51,998	81,317	(22,697)	58,620
Due From Component Units	19	-	-	-	19	-	19
Inventories	9,944	-	-	-	9,944	-	9,944
Prepaids, Advances and Deposits	38,252	-	333	74	38,659	-	38,659
Restricted Assets:							
Restricted Cash and Pooled Cash	4	23,818	-	355,742	379,564	-	379,564
Restricted Receivables	-	-	-	1,166	1,166	-	1,166
Investments	10,486	-	-	338,657	349,143	-	349,143
Other Long-Term Assets	-	-	-	4,703	4,703	-	4,703
TOTAL ASSETS	$ 3,613,904	$ 27,392	$ 37,196	$ 1,110,586	$ 4,789,078	$ (22,697)	$ 4,766,381
LIABILITIES:							
Tax Refunds Payable	$ 927,722	$ -	$ -	$ -	$ 927,722	$ -	$ 927,722
Accounts Payable and Accrued Liabilities	833,289	1	1,610	32,439	867,339	-	867,339
TABOR Refund Liability (Note 2B)	431,685	-	-	-	431,685	-	431,685
Due To Other Governments	131,643	-	-	22,914	154,557	-	154,557
Due To Other Funds	40,871	-	997	429	42,297	(22,697)	19,600
Unearned Revenue	32,821	-	-	348	33,169	-	33,169
Claims and Judgments Payable	737	-	-	-	737	-	737
Other Current Liabilities	22,225	-	-	2	22,227	-	22,227
Deposits Held In Custody For Others	181	-	-	352	533	-	533
TOTAL LIABILITIES	2,421,174	1	2,607	56,484	2,480,266	(22,697)	2,457,569
DEFERRED INFLOW OF RESOURCES:	245,094	811	-	-	245,905	-	245,905
FUND BALANCES:							
Nonspendable:							
Inventories	9,944	-	-	-	9,944	-	9,944
Prepaids	38,140	-	333	74	38,547	-	38,547
Restricted	-	-	-	814,658	814,658	-	814,658
Committed	814,200	26,580	34,256	239,370	1,114,406	-	1,114,406
Assigned	33,264	-	-	-	33,264	-	33,264
Unassigned	52,088	-	-	-	52,088	-	52,088
TOTAL FUND BALANCES	947,636	26,580	34,589	1,054,102	2,062,907	-	2,062,907
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,613,904	$ 27,392	$ 37,196	$ 1,110,586	$ 4,789,078	$ (22,697)	$ 4,766,381

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2019

(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	$ 7,327,511	$ -	$ -	$ -	$ 7,327,511	$ -	$ 7,327,511
Corporate Income	855,707	-	-	-	855,707	-	855,707
Sales and Use	3,592,176	-	-	-	3,592,176	-	3,592,176
Excise	103,145	-	-	-	103,145	-	103,145
Other Taxes	315,175	-	-	-	315,175	-	315,175
Licenses, Permits, and Fines	34,566	-	70	1,989	36,625	-	36,625
Charges for Goods and Services	19,732	-	67,088	295	87,115	-	87,115
Rents	205	-	-	1	206	-	206
Investment Income (Loss)	62,253	37	1,505	31,611	95,406	-	95,406
Federal Grants and Contracts	5,865,753	-	-	7,162	5,872,915	-	5,872,915
Other	184,853	1,498	118	23,766	210,235	-	210,235
TOTAL REVENUES	18,361,076	1,535	68,781	64,824	18,496,216	-	18,496,216
EXPENDITURES:							
Current:							
General Government	186,042	57	53,373	5,183	244,655	-	244,655
Business, Community, and Consumer Affairs	156,305	-	-	21,510	177,815	-	177,815
Education	812,289	4,733	-	5,394	822,416	-	822,416
Health and Rehabilitation	701,834	-	-	1,041	702,875	-	702,875
Justice	1,600,165	-	-	77	1,600,242	-	1,600,242
Natural Resources	40,428	-	-	575	41,003	-	41,003
Social Assistance	7,293,105	-	-	13,007	7,306,112	-	7,306,112
Capital Outlay	16,784	-	-	110,706	127,490	-	127,490
Intergovernmental:							
Cities	66,826	-	-	45,774	112,600	-	112,600
Counties	1,479,253	-	-	15,749	1,495,002	-	1,495,002
School Districts	686,936	3,946,946	-	216,270	4,850,152	-	4,850,152
Special Districts	48,839	-	-	17,883	66,722	-	66,722
Federal	86	-	-	-	86	-	86
Other	183,735	-	-	274	184,009	-	184,009
Debt Service	15,844	-	-	67,719	83,563	-	83,563
TOTAL EXPENDITURES	13,288,471	3,951,736	53,373	521,162	17,814,742	-	17,814,742
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,072,605	(3,950,201)	15,408	(456,338)	681,474	-	681,474
OTHER FINANCING SOURCES (USES):							
Transfers-In	173,254	4,017,177	18	511,463	4,701,912	(4,230,841)	471,071
Transfers-Out	(5,384,141)	(132,174)	(1,997)	(62,884)	(5,581,196)	4,230,841	(1,350,355)
Face Amount of Bond/COP Issuance	-	-	-	240,425	240,425	-	240,425
Bond/COP Premium/Discount	-	-	-	12,456	12,456	-	12,456
Capital Lease Proceeds	528	-	-	-	528	-	528
Insurance Recoveries	216	-	340	-	556	-	556
TOTAL OTHER FINANCING SOURCES (USES)	(5,210,143)	3,885,003	(1,639)	701,460	(625,319)	-	(625,319)
NET CHANGE IN FUND BALANCES	(137,538)	(65,198)	13,769	245,122	56,155	-	56,155
FUND BALANCE, FISCAL YEAR BEGINNING	1,085,174	91,778	20,820	808,980	2,006,752	-	2,006,752
FUND BALANCE, FISCAL YEAR END	$ 947,636	$ 26,580	$ 34,589	$ 1,054,102	$ 2,062,907	$ -	$ 2,062,907

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, 2019

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 217,127	$ 12,812	$ 229,939
Other Receivables, net	14	-	14
Due From Other Governments	2,292	2,167	4,459
Prepaids, Advances and Deposits	19	-	19
Restricted Cash and Pooled Cash	-	3	3
Investments	543,234	1,923	545,157
Other Long-Term Assets	13	-	13
TOTAL ASSETS	$ 762,699	$ 16,905	$ 779,604
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 15,618	$ 849	$ 16,467
Due To Other Funds	25	-	25
Other Current Liabilities	167	-	167
TOTAL LIABILITIES	15,810	849	16,659
FUND BALANCES:			
Nonspendable:			
Prepaids	19	-	19
Restricted	-	5	5
Committed	746,870	16,051	762,921
TOTAL FUND BALANCES	746,889	16,056	762,945
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 762,699	$ 16,905	$ 779,604

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES CAPITAL PROJECTS FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
REVENUES:			
Taxes:			
Other Taxes	$ 391	$ -	$ 391
Licenses, Permits, and Fines	60	-	60
Investment Income (Loss)	16,363	1,761	18,124
Federal Grants and Contracts	9,551	9,341	18,892
TOTAL REVENUES	26,365	11,102	37,467
EXPENDITURES:			
Current:			
General Government	31,768	3,290	35,058
Business, Community, and Consumer Affairs	392	-	392
Education	1,124	152	1,276
Health and Rehabilitation	134	-	134
Justice	5,149	160	5,309
Social Assistance	4,762	130	4,892
Capital Outlay	55,354	6,135	61,489
Intergovernmental:			
Special Districts	288	-	288
TOTAL EXPENDITURES	98,971	9,867	108,838
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(72,606)	1,235	(71,371)
OTHER FINANCING SOURCES (USES):			
Transfers-In	272,483	10,576	283,059
Transfers-Out	(72,349)	(120,582)	(192,931)
Face Amount of Bond/COP Issuance	500,000	-	500,000
Bond/COP Premium/Discount	44,154	-	44,154
Insurance Recoveries	1,155	235	1,390
TOTAL OTHER FINANCING SOURCES (USES)	745,443	(109,771)	635,672
NET CHANGE IN FUND BALANCES	672,837	(108,536)	564,301
FUND BALANCE, FISCAL YEAR BEGINNING	74,052	124,592	198,644
FUND BALANCE, FISCAL YEAR END	$ 746,889	$ 16,056	$ 762,945

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, 2019

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTALS
ASSETS:					
Cash and Pooled Cash	$ 2,326,274	$ -	$ 229,939	$ -	$ 2,556,213
Taxes Receivable, net	38,788	-	-	-	38,788
Other Receivables, net	147,777	-	14	10,406	158,197
Due From Other Governments	50,078	341	4,459	-	54,878
Due From Other Funds	34,565	-	-	-	34,565
Inventories	90,323	-	-	-	90,323
Prepaids, Advances and Deposits	43,019	-	19	3	43,041
Restricted Assets:					
Restricted Cash and Pooled Cash	1,191,419	218	3	171,587	1,363,227
Restricted Investments	4,267	-	-	1,094,276	1,098,543
Restricted Receivables	444,218	-	-	-	444,218
Investments	179,283	103,452	545,157	-	827,892
Other Long-Term Assets	486,673	-	13	15,839	502,525
TOTAL ASSETS	$ 5,036,684	$ 104,011	$ 779,604	$ 1,292,111	$ 7,212,410
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	1,948	1,948
LIABILITIES:					
Tax Refunds Payable	$ 135	$ -	$ -	$ -	$ 135
Accounts Payable and Accrued Liabilities	397,298	-	16,467	2,761	416,526
Due To Other Governments	128,869	-	-	5	128,874
Due To Other Funds	29,688	-	25	221	29,934
Unearned Revenue	113,465	-	-	-	113,465
Compensated Absences Payable	10	-	-	-	10
Claims and Judgments Payable	325	-	-	-	325
Other Current Liabilities	3,227	-	167	-	3,394
Deposits Held In Custody For Others	51	-	-	-	51
TOTAL LIABILITIES	673,068	-	16,659	2,987	692,714
DEFERRED INFLOW OF RESOURCES:	5,642	-	-	-	5,642
FUND BALANCES:					
Nonspendable:					
Long-term Portion of Interfund Loans Receivable	13	-	-	-	13
Inventories	90,323	-	-	-	90,323
Permanent Fund Principal	-	-	-	1,274,846	1,274,846
Prepaids	43,019	-	19	3	43,041
Restricted	1,360,286	104,011	5	-	1,464,302
Committed	2,864,333	-	762,921	16,223	3,643,477
TOTAL FUND BALANCES	4,357,974	104,011	762,945	1,291,072	6,516,002
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,036,684	$ 104,011	$ 779,604	$ 1,294,059	$ 7,214,358

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTALS
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 628,715	$ -	$ -	$ -	$ 628,715
Corporate Income	64,085	-	-	-	64,085
Sales and Use	41,112	-	-	-	41,112
Excise	849,676	-	-	-	849,676
Other Taxes	421,720	-	391	-	422,111
Licenses, Permits, and Fines	831,970	-	60	-	832,030
Charges for Goods and Services	315,531	-	-	-	315,531
Rents	9,870	-	-	165,007	174,877
Investment Income (Loss)	144,062	2,119	18,124	92,597	256,902
Federal Grants and Contracts	788,297	-	18,892	-	807,189
Additions to Permanent Funds	-	-	-	1,062	1,062
Unclaimed Property Receipts	47,144	-	-	-	47,144
Other	215,315	-	-	41	215,356
TOTAL REVENUES	4,357,497	2,119	37,467	258,707	4,655,790
EXPENDITURES:					
Current:					
General Government	96,411	-	35,058	558	132,027
Business, Community, and Consumer Affairs	315,090	-	392	-	315,482
Education	87,604	-	1,276	-	88,880
Health and Rehabilitation	142,552	-	134	-	142,686
Justice	365,741	-	5,309	-	371,050
Natural Resources	71,818	-	-	16,100	87,918
Social Assistance	228,048	-	4,892	-	232,940
Transportation	1,297,949	-	-	-	1,297,949
Capital Outlay	76,778	-	61,489	(1,085)	137,182
Intergovernmental:					
Cities	389,924	-	-	-	389,924
Counties	420,518	-	-	41	420,559
School Districts	743,788	-	-	-	743,788
Special Districts	93,448	-	288	-	93,736
Federal	1,442	-	-	-	1,442
Other	63,966	-	-	-	63,966
Debt Service	1,986	94,826	-	-	96,812
TOTAL EXPENDITURES	4,397,063	94,826	108,838	15,614	4,616,341
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(39,566)	(92,707)	(71,371)	243,093	39,449
OTHER FINANCING SOURCES (USES):					
Transfers-In	947,848	104,768	283,059	5,967	1,341,642
Transfers-Out	(438,061)	-	(192,931)	(105,695)	(736,687)
Face Amount of Bond/COP Issuance	-	-	500,000	-	500,000
Bond/COP Premium/Discount	-	-	44,154	-	44,154
Sale of Capital Assets	6,295	-	-	17,860	24,155
Insurance Recoveries	7	-	1,390	-	1,397
TOTAL OTHER FINANCING SOURCES (USES)	516,089	104,768	635,672	(81,868)	1,174,661
NET CHANGE IN FUND BALANCES	476,523	12,061	564,301	161,225	1,214,110
FUND BALANCE, FISCAL YEAR BEGINNING (as restated)	3,881,451	91,950	198,644	1,129,847	5,301,892
FUND BALANCE, FISCAL YEAR END	$ 4,357,974	$ 104,011	$ 762,945	$ 1,291,072	$ 6,516,002

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.

HIGHWAY USERS TAX

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

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 o n 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, 2019

(DOLLARS IN THOUSANDS)	LABOR	RESOURCE EXTRACTION	HIGHWAY USERS TAX	STATE EDUCATION	GAMING
ASSETS:					
Cash and Pooled Cash	$ 155,898	$ 793,281	$ 69,388	$ -	$ 134,345
Taxes Receivable, net	18,967	992	2,009	-	13,500
Other Receivables, net	2,686	61,457	1,546	-	112
Due From Other Governments	2,926	2,817	-	120	-
Due From Other Funds	-	17,569	1,978	-	-
Inventories	-	72,018	18,012	-	-
Prepaids, Advances and Deposits	1	11,887	3,717	-	45
Restricted Assets:					
Restricted Cash and Pooled Cash	68,655	85,324	836,806	190,504	9,814
Restricted Investments	1,981	-	2,286	-	-
Restricted Receivables	-	-	444,218	-	-
Investments	178	-	-	-	-
Other Long-Term Assets	-	441,957	15,049	-	5,370
TOTAL ASSETS	$ 251,292	$ 1,487,302	$ 1,395,009	$ 190,624	$ 163,186
LIABILITIES:					
Tax Refunds Payable	$ -	$ -	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	9,951	29,770	260,185	11,600	6,088
Due To Other Governments	-	61,616	44,460	-	20,647
Due To Other Funds	41	228	620	-	23,927
Unearned Revenue	13	4,021	44,163	-	700
Compensated Absences Payable	-	-	-	-	-
Claims and Judgments Payable	221	-	92	-	-
Other Current Liabilities	477	-	31	-	-
Deposits Held In Custody For Others	-	-	-	-	5
TOTAL LIABILITIES	10,703	95,635	349,551	11,600	51,367
DEFERRED INFLOW OF RESOURCES:	-	992	2,804	-	-
FUND BALANCES:					
Nonspendable:					
Long-term Portion of Interfund Loans Receivable	-	13	-	-	-
Inventories	-	72,018	18,012	-	-
Prepaids	1	11,887	3,717	-	45
Restricted	70,637	79,502	961,284	179,024	18,583
Committed	169,951	1,227,255	59,641	-	93,191
TOTAL FUND BALANCES	240,589	1,390,675	1,042,654	179,024	111,819
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 251,292	$ 1,487,302	$ 1,395,009	$ 190,624	$ 163,186

TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 123,941	$ 5,202	$ 131,232	$ 195,189	$ 717,798	$ 2,326,274
280	-	-	-	3,040	38,788
59,878	2	7,034	1,410	13,652	147,777
1,040	-	34,369	-	8,806	50,078
183	-	-	-	14,835	34,565
-	-	293	-	-	90,323
-	1	58	3	27,307	43,019
-	-	-	-	316	1,191,419
-	-	-	-	-	4,267
-	-	-	-	-	444,218
-	-	-	173,378	5,727	179,283
-	-	-	-	24,297	486,673
$ 185,322	$ 5,205	$ 172,986	$ 369,980	$ 815,778	$ 5,036,684
$ -	$ -	$ -	$ -	$ 135	$ 135
21,008	475	9,215	626	48,380	397,298
174	340	32	-	1,600	128,869
3,028	-	61	-	1,783	29,688
-	-	11,069	-	53,499	113,465
-	-	-	-	10	10
-	-	-	-	12	325
-	-	203	-	2,516	3,227
-	-	-	-	46	51
24,210	815	20,580	626	107,981	673,068
280	-	-	-	1,566	5,642
-	-	-	-	-	13
-	-	293	-	-	90,323
-	1	58	3	27,307	43,019
21,127	6,666	6,181	-	17,282	1,360,286
139,705	(2,277)	145,874	369,351	661,642	2,864,333
160,832	4,390	152,406	369,354	706,231	4,357,974
$ 185,322	$ 5,205	$ 172,986	$ 369,980	$ 815,778	$ 5,036,684

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	LABOR	RESOURCE EXTRACTION	HIGHWAY USERS TAX	STATE EDUCATION	GAMING
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ -	$ -	$ -	$ 628,715	$ -
Corporate Income	-	-	-	64,085	-
Sales and Use	-	-	-	-	-
Excise	-	-	654,887	-	-
Other Taxes	53,507	241,726	363	-	125,000
Licenses, Permits, and Fines	1,101	3,982	409,519	-	841
Charges for Goods and Services	117	17,239	154,772	-	285
Rents	-	3	3,609	-	-
Investment Income (Loss)	3,785	42,961	31,131	8,954	5,115
Federal Grants and Contracts	8	125,942	456,454	-	-
Unclaimed Property Receipts	-	-	-	-	-
Other	8,890	4,097	167,135	62	2,259
TOTAL REVENUES	67,408	435,950	1,877,870	701,816	133,500
EXPENDITURES:					
Current:					
General Government	1,280	-	60,701	-	-
Business, Community, and Consumer Affairs	47,920	6,138	-	-	31,692
Education	-	-	-	49,298	16,039
Health and Rehabilitation	-	544	12,303	-	33
Justice	17,209	-	143,078	-	-
Natural Resources	-	69,769	-	-	-
Social Assistance	-	-	-	-	-
Transportation	-	-	1,294,660	-	-
Capital Outlay	8	11,913	53,874	-	-
Intergovernmental:					
Cities	4,944	57,289	263,769	-	18,296
Counties	7,792	44,068	279,289	-	19,367
School Districts	-	1,897	-	654,915	540
Special Districts	280	21,651	64,986	-	759
Federal	-	1,144	2	-	-
Other	-	3,951	822	-	2,019
Debt Service	-	-	-	-	-
TOTAL EXPENDITURES	79,433	218,364	2,173,484	704,213	88,745
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(12,025)	217,586	(295,614)	(2,397)	44,755
OTHER FINANCING SOURCES (USES):					
Transfers-In	52,667	24,750	445,317	28,663	274
Transfers-Out	(855)	(92,764)	(59,252)	(53,159)	(41,726)
Sale of Capital Assets	-	-	-	-	-
Insurance Recoveries	-	-	4	-	3
TOTAL OTHER FINANCING SOURCES (USES)	51,812	(68,014)	386,069	(24,496)	(41,449)
NET CHANGE IN FUND BALANCES	39,787	149,572	90,455	(26,893)	3,306
FUND BALANCE, FISCAL YEAR BEGINNING (as restated)	200,802	1,241,103	952,199	205,917	108,513
FUND BALANCE, FISCAL YEAR END	$ 240,589	$ 1,390,675	$ 1,042,654	$ 179,024	$ 111,819

TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ -	$ -	$ -	$ 628,715
-	-	-	-	-	64,085
-	-	-	-	41,112	41,112
131,899	-	-	-	62,890	849,676
-	-	-	-	1,124	421,720
80,997	90	53,204	-	282,236	831,970
1,265	1,679	78,204	-	61,970	315,531
-	-	-	-	6,258	9,870
3,923	232	4,406	21,518	22,037	144,062
2,122	-	51,534	-	152,237	788,297
-	-	-	47,144	-	47,144
366	426	5,789	20	26,271	215,315
220,572	2,427	193,137	68,682	656,135	4,357,497
71	-	93	2,478	31,788	96,411
-	171	2,159	1,886	225,124	315,090
976	-	-	-	21,291	87,604
29,713	-	54,170	-	45,789	142,552
300	-	55,133	-	150,021	365,741
-	2,039	-	-	10	71,818
121,850	-	63,354	-	42,844	228,048
-	-	-	-	3,289	1,297,949
38	175	668	6,571	3,531	76,778
1,198	99	2,315	-	42,014	389,924
22,038	1,606	1,266	5	45,087	420,518
32,682	-	66	-	53,688	743,788
2,845	-	200	33	2,694	93,448
-	-	173	41	82	1,442
12,174	73	4,498	-	40,429	63,966
-	-	-	752	1,234	1,986
223,885	4,163	184,095	11,766	708,915	4,397,063
(3,313)	(1,736)	9,042	56,916	(52,780)	(39,566)
54,286	670	26,716	17	314,488	947,848
(27,167)	(142)	(10,704)	(16,671)	(135,621)	(438,061)
-	-	-	6,295	-	6,295
-	-	-	-	-	7
27,119	528	16,012	(10,359)	178,867	516,089
23,806	(1,208)	25,054	46,557	126,087	476,523
137,026	5,598	127,352	322,797	580,144	3,881,451
$ 160,832	$ 4,390	$ 152,406	$ 369,354	$ 706,231	$ 4,357,974

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, 2019

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 10,406	$ -	$ 10,406
Prepaids, Advances and Deposits	3	-	3
Restricted Assets:			
Restricted Cash and Pooled Cash	155,364	16,223	171,587
Restricted Investments	1,094,276	-	1,094,276
Other Long-Term Assets	15,839	-	15,839
TOTAL ASSETS	$ 1,275,888	$ 16,223	$ 1,292,111
DEFERRED OUTFLOW OF RESOURCES:	1,948	-	1,948
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 2,761	$ -	$ 2,761
Due To Other Governments	5	-	5
Due To Other Funds	221	-	221
TOTAL LIABILITIES	2,987	-	2,987
FUND BALANCES:			
Nonspendable:			
Permanent Fund Principal	1,274,846	-	1,274,846
Prepaids	3	-	3
Committed	-	16,223	16,223
TOTAL FUND BALANCES	1,274,849	16,223	1,291,072
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,277,836	$ 16,223	$ 1,294,059

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PERMANENT FUNDS FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Rents	161,540	3,467	165,007
Investment Income (Loss)	92,073	524	92,597
Additions to Permanent Funds	1,062	-	1,062
Other	28	13	41
TOTAL REVENUES	254,703	4,004	258,707
EXPENDITURES:			
Current:			
General Government	553	5	558
Natural Resources	16,100	-	16,100
Capital Outlay	(1,085)	-	(1,085)
Intergovernmental:			
Counties	41	-	41
TOTAL EXPENDITURES	15,609	5	15,614
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	239,094	3,999	243,093
OTHER FINANCING SOURCES (USES):			
Transfers- In	5,967	-	5,967
Transfers- Out	(105,695)	-	(105,695)
Sale of Capital Assets	17,860	-	17,860
TOTAL OTHER FINANCING SOURCES (USES)	(81,868)	-	(81,868)
NET CHANGE IN FUND BALANCES	157,226	3,999	161,225
FUND BALANCE, FISCAL YEAR BEGINNING (as restated)	1,117,623	12,224	1,129,847
FUND BALANCE, FISCAL YEAR END	$ 1,274,849	$ 16,223	$ 1,291,072

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.

UNEMPLOYMENT INSURANCE

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

LOTTERY

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

STATE FAIR AUTHORITY

The State Fair Authority operates the Colorado State Fair, and other events, at the State fairgrounds in Pueblo.

CORRECTIONAL INDUSTRIES

This activity reports the production and sale of manufactured goods and farm products that are produced by convicted criminals who are incarcerated in the State prison system.

STATE NURSING HOMES

This activity is for nursing home and retirement care provided to the elderly at the State facilities at Fitzsimons, Homelake, Walsenburg, Florence, and Rifle.

PRISON CANTEENS	This activity accounts for the various canteen operations in the State's prison system.
PETROLEUM STORAGE TANK	This activity accounts for grants, registration fees, environmental response surcharges, and penalties associated with the regulation and abatement of fire and safety issues related to above and underground petroleum storage tanks.
TRANSPORTATION ENTERPRISE	This fund consists of the Bridge Enterprise and the High Performance Transportation Enterprise in the Department of Transportation. The bridge and highway construction activity is financed through bond issuances and user fees. Before Fiscal Year 2010-11 these enterprises were reported as Other Enterprises.
OTHER ENTERPRISE ACTIVITIES	The other enterprise activities includes the State and CollegeInvest. The State includes the Business Enterprise Program, which is staffed by the visually impaired and manages food vending operations in State buildings; the Enterprise Services Fund of the Colorado Historical Society, which sells goods at State museums; and various smaller enterprise operations.

COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	UNEMPLOYMENT INSURANCE	STATE LOTTERY	STATE FAIR AUTHORITY
ASSETS:					
Current Assets:					
Cash and Pooled Cash	$ 145,352	$ 138,571	$ 30,640	$ 52,228	$ 2,912
Investments	-	-	-	-	-
Premiums/Taxes Receivable, net	-	-	115,263	-	-
Contributions Receivable, net	-	-	-	-	-
Student and Other Receivables, net	14,994	101	2,509	24,133	253
Due From Other Governments	6,698	925	5,672	-	-
Due From Other Funds	3,986	-	7	-	-
Inventories	986	-	-	1,609	-
Prepaids, Advances and Deposits	2,443	48	-	6,069	78
Total Current Assets	174,459	139,645	154,091	84,039	3,243
Noncurrent Assets:					
Restricted Cash and Pooled Cash	36,705	41,596	1,137,612	2,488	-
Restricted Receivables	-	39,570	-	-	-
Investments	-	-	-	-	-
Other Long-Term Assets	-	-	-	-	-
Depreciable Capital Assets and Infrastructure, net	173,488	345	3,017	423	11,870
Land and Nondepreciable Capital Assets	389,158	-	16,729	-	615
Total Noncurrent Assets	599,351	81,511	1,157,358	2,911	12,485
TOTAL ASSETS	773,810	221,156	1,311,449	86,950	15,728
DEFERRED OUTFLOW OF RESOURCES:	46,380	1,071	2,255	4,361	994
LIABILITIES:					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	20,730	35	643	11,948	400
Due To Other Governments	-	30,721	1	128	-
Due To Other Funds	807	-	24	32,965	-
Unearned Revenue	48,808	-	-	-	664
Compensated Absences Payable	987	61	-	44	5
Leases Payable	-	-	-	-	-
Notes, Bonds, and COPs Payable	-	-	-	-	-
Other Current Liabilities	33	1,793	11,766	37,773	7
Total Current Liabilities	71,365	32,610	12,434	82,858	1,076
Noncurrent Liabilities:					
Due to Other Funds	16,877	-	-	-	-
Deposits Held In Custody For Others	25	-	-	-	-
Accrued Compensated Absences	8,164	75	-	776	106
Capital Lease Payable	-	-	-	-	-
Notes, Bonds, and COPs Payable	-	-	-	-	-
Net Pension Liability	246,433	2,793	13,543	25,422	6,543
Other Postemployment Benefits	10,105	98	570	1,076	270
Other Long-Term Liabilities	-	-	-	23	-
Total Noncurrent Liabilities	281,604	2,966	14,113	27,297	6,919
TOTAL LIABILITIES	352,969	35,576	26,547	110,155	7,995
DEFERRED INFLOW OF RESOURCES:	133,561	1,654	8,859	13,796	3,478
NET POSITION:					
Net investment in Capital Assets:	562,646	345	19,746	423	12,485
Restricted for:					
Unemployment Insurance	-	-	1,258,552	-	-
Debt Service	-	-	-	-	-
Emergencies	34,000	-	-	-	-
Other Purposes	65,961	50,446	-	2,488	-
Unrestricted	(328,947)	134,206	-	(35,551)	(7,236)
TOTAL NET POSITION	$ 333,660	$ 184,997	$ 1,278,298	$ (32,640)	$ 5,249

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTAL
$ 944	$ 26,024	$ 7,559	$ 4,705	$ 272,920	$ 52,684	$ 734,539
-	-	-	-	-	355	355
-	-	-	15	-	257	115,535
-	-	-	-	-	-	-
1,445	895	-	3,370	10,544	470	58,714
1,879	2,959	-	-	9,178	257	27,568
3,646	2,218	-	-	-	6	9,863
11,365	189	672	-	-	169	14,990
-	93	-	-	45	625	9,401
19,279	32,378	8,231	8,090	292,687	54,823	970,965
-	-	-	-	28,749	99	1,247,249
-	-	-	-	-	-	39,570
-	-	-	-	18,306	12,780	31,086
1,438	-	-	-	-	-	1,438
3,544	29,421	1,972	22	1,011,361	12,502	1,247,965
977	3,921	-	-	572,465	4,256	988,121
5,959	33,342	1,972	22	1,630,881	29,637	3,555,429
25,238	65,720	10,203	8,112	1,923,568	84,460	4,526,394
6,926	15,814	1,022	1,435	3,443	7,226	90,927
6,773	4,067	1,269	2,980	49,716	2,603	101,164
-	763	-	-	-	-	31,613
-	-	-	-	-	11,502	45,298
391	663	-	-	-	6,057	56,583
140	203	-	-	3	42	1,485
-	298	-	-	-	-	298
-	-	-	-	-	550	550
5	90	-	14	-	36	51,517
7,309	6,084	1,269	2,994	49,719	20,790	288,508
-	-	-	-	1,968	-	18,845
-	-	-	-	-	-	25
1,115	2,066	239	439	38	976	13,994
-	1,741	-	-	-	-	1,741
-	-	-	-	524,748	1,227	525,975
36,413	93,452	5,905	8,138	8,428	29,976	477,046
1,548	3,945	249	333	355	1,098	19,647
-	-	-	-	47,874	-	47,897
39,076	101,204	6,393	8,910	583,411	33,277	1,105,170
46,385	107,288	7,662	11,904	633,130	54,067	1,393,678
18,820	51,572	3,088	5,162	140,732	14,478	395,200
4,521	31,303	1,972	22	875,665	14,981	1,524,109
-	-	-	-	-	-	1,258,552
-	-	-	-	35,188	-	35,188
-	-	-	-	-	-	34,000
-	-	-	-	-	-	118,895
(37,562)	(108,629)	(1,497)	(7,541)	242,296	8,160	(142,301)
$ (33,041)	$ (77,326)	$ 475	$ (7,519)	$ 1,153,149	$ 23,141	$ 2,828,443

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	UNEMPLOYMENT INSURANCE	STATE LOTTERY	STATE FAIR AUTHORITY
OPERATING REVENUES:					
Unemployment Insurance Premiums	$ -	$ -	$ 546,650	$ -	$ -
License and Permits	135,761	-	138	64	-
Tuition and Fees	2	-	-	-	-
Sales of Goods and Services	7,581	-	-	679,780	6,554
Investment Income (Loss)	-	2,522	-	-	-
Rental Income	-	-	-	-	554
Federal Grants and Contracts	35,477	235,686	12,973	-	-
Intergovernmental Revenue	31,929	-	-	-	-
Other	4,229	20	-	889	-
TOTAL OPERATING REVENUES	214,979	238,228	559,761	680,733	7,108
OPERATING EXPENSES:					
Salaries and Fringe Benefits	72,214	863	4,923	7,953	3,376
Operating and Travel	94,392	208,495	377,275	70,841	4,104
Cost of Goods Sold	444	-	-	15,671	-
Depreciation and Amortization	12,436	68	2,400	142	846
Intergovernmental Distributions	6,860	-	-	-	-
Debt Service	-	12,806	-	-	-
Prizes and Awards	19	-	-	416,939	893
TOTAL OPERATING EXPENSES	186,365	222,232	384,598	511,546	9,219
OPERATING INCOME (LOSS)	28,614	15,996	175,163	169,187	(2,111)
NONOPERATING REVENUES AND (EXPENSES):					
Taxes	-	-	-	-	-
Fines and Settlements	371	-	2,188	-	-
Investment Income (Loss)	5,524	6,955	25,421	2,319	3,508
Rental Income	13,702	-	-	-	-
Gifts and Donations	766	-	-	-	515
Intergovernmental Distributions	-	-	-	(68,494)	-
Federal Grants and Contracts	-	-	-	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	165	-	-	-	-
Insurance Recoveries from Prior Year Impairments	113	-	-	-	-
Debt Service	(1)	-	-	-	(18)
Other Revenues	3	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	20,643	6,955	27,609	(66,175)	4,005
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	49,257	22,951	202,772	103,012	1,894
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:					
Capital Contributions	50	-	-	-	59
Transfers-In	25,636	19	83	175	1,554
Transfers-Out	(4,331)	(76)	(56)	(98,665)	(108)
TOTAL CONTRIBUTIONS AND TRANSFERS	21,355	(57)	27	(98,490)	1,505
CHANGE IN NET POSITION	70,612	22,894	202,799	4,522	3,399
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	263,048	162,103	1,075,499	(37,162)	1,850
NET POSITION - FISCAL YEAR ENDING	$ 333,660	$ 184,997	$ 1,278,298	$ (32,640)	$ 5,249

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ -	$ -	$ -	$ 546,650
-	-	-	505	-	8,067	144,535
-	1	-	6	-	1,854	1,863
44,792	25,181	19,447	-	124,984	5,332	913,651
-	-	-	-	-	2,109	4,631
-	-	-	-	-	2,138	2,692
3,614	33,550	-	-	9,921	1,011	332,232
-	251	-	-	-	-	32,180
245	48	830	-	179	223	6,663
48,651	59,031	20,277	511	135,084	20,734	1,985,097
11,959	28,877	1,369	12,949	6,002	8,299	158,784
10,360	10,757	4,356	24,619	2,233	8,147	815,579
23,966	-	14,013	-	-	387	54,481
435	2,028	115	18	17,865	914	37,267
-	5,061	-	-	101	2,475	14,497
-	-	-	-	-	-	12,806
-	-	10	-	-	1	417,862
46,720	46,723	19,863	37,586	26,201	20,223	1,511,276
1,931	12,308	414	(37,075)	108,883	511	473,821
-	-	-	34,846	-	-	34,846
-	-	-	-	731	34	3,324
74	920	381	301	11,342	554	57,299
33	21	-	-	-	-	13,756
4	-	-	-	3,109	386	4,780
-	-	-	-	-	-	(68,494)
-	-	-	-	5,795	-	5,795
-	66	2	-	1,143	(9)	1,367
-	-	-	-	-	-	113
(17)	(68)	-	-	(6,882)	(56)	(7,042)
-	-	-	-	-	-	3
94	939	383	35,147	15,238	909	45,747
2,025	13,247	797	(1,928)	124,121	1,420	519,568
-	-	-	-	-	-	109
246	1,631	42	61	55	503	30,005
(992)	(2,177)	(81)	(18)	-	(612)	(107,116)
(746)	(546)	(39)	43	55	(109)	(77,002)
1,279	12,701	758	(1,885)	124,176	1,311	442,566
(34,320)	(90,027)	(283)	(5,634)	1,028,973	21,830	2,385,877
$ (33,041)	$ (77,326)	$ 475	$ (7,519)	$ 1,153,149	$ 23,141	$ 2,828,443

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	UNEMPLOYMENT INSURANCE	STATE LOTTERY	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from:					
Tuition, Fees, and Student Loans	$ -	$ -	$ -	$ -	$ -
Fees for Service	134,778	-	3,892	-	4,754
Receipts for Interfund Services	25	-	103	-	-
Sales of Products	1,864	-	163	679,912	55
Gifts, Grants, and Contracts	44,588	231,718	12,964	-	-
Unemployment Insurance Premiums	-	-	548,976	-	-
Income from Property	13,702	-	-	-	554
Other Sources	34,906	2,542	-	1,128	1,721
Cash Payments to or for:					
Employees	(98,950)	(1,483)	(7,055)	(11,128)	(4,239)
Suppliers	(60,703)	(3,321)	(8,606)	(32,414)	(3,688)
Payments for Interfund Services	(3,447)	(68)	(774)	-	(49)
Sales Commissions and Lottery Prizes	(7,221)	-	-	(471,071)	-
Unemployment Benefits	-	-	(378,655)	-	-
Other Governments	(6,860)	-	-	-	-
Other	(17,305)	(218,042)	(4,454)	(323)	(966)
NET CASH PROVIDED BY OPERATING ACTIVITIES	35,377	11,346	166,554	166,104	(1,858)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers-In	23,931	2	-	-	1,414
Transfers-Out	(4,331)	(76)	(56)	(98,665)	(108)
Receipt of Deposits Held in Custody	750	-	-	-	5
Release of Deposits Held in Custody	(749)	-	-	-	-
Gifts and Grants for Other Than Capital Purposes	766	-	-	-	515
Intergovernmental Distributions	-	-	-	(61,801)	-
Other	-	-	-	-	3,482
NonCapital Debt Proceeds	-	-	-	-	-
NonCapital Debt Service Payments	-	-	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	20,367	(74)	(56)	(160,466)	5,308
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of Capital Assets	(88,500)	(160)	(34,923)	(587)	(1,019)
Proceeds from Sale of Capital Assets	48,982	80	18,194	280	560
Capital Debt Proceeds	-	-	-	-	-
Capital Debt Service Payments	(1)	-	-	-	-
Capital Lease Payments	-	-	-	-	(889)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(39,519)	(80)	(16,729)	(307)	(1,348)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ 1	$ -	$ -	$ -	$ 1,897	$ 1,898
132	27,097	-	-	124,702	3,767	299,122
7,434	11	-	-	892	1,902	10,367
34,005	-	19,447	-	-	774	736,220
3,780	34,002	-	-	6,716	1,046	334,814
-	-	-	-	-	-	548,976
33	21	-	-	-	2,195	16,505
246	528	832	36,660	48,748	7,459	134,770
(15,206)	(39,021)	(2,276)	(14,344)	(9,438)	(8,599)	(211,739)
(31,394)	(12,632)	(18,303)	(266)	(10,987)	(7,878)	(190,192)
(99)	(128)	(214)	(129)	(371)	-	(5,279)
-	-	(1)	-	-	-	(478,293)
-	-	-	-	-	-	(378,655)
-	(5,062)	-	-	(101)	(2,475)	(14,498)
(240)	(29)	(16)	(23,428)	-	(137)	(264,940)
(1,309)	4,788	(531)	(1,507)	160,161	(49)	539,076
-	986	-	-	-	664	26,997
(992)	(2,177)	(81)	(18)	-	(915)	(107,419)
7	-	-	2	-	-	764
(7)	-	-	-	-	-	(756)
4	-	-	-	-	386	1,671
-	-	-	-	-	-	(61,801)
-	-	-	-	-	-	3,482
-	64	-	-	19,876	167	20,107
-	(64)	-	-	(19,876)	(167)	(20,107)
(988)	(1,191)	(81)	(16)	-	135	(137,062)
(692)	(1,218)	(1,595)	(158)	(186,659)	(17,083)	(332,594)
360	711	711	143	1,143	15,959	87,123
-	-	-	-	-	530	530
(17)	-	-	-	(11,974)	(1,150)	(13,142)
-	(366)	-	-	-	-	(1,255)
(349)	(873)	(884)	(15)	(197,490)	(1,744)	(259,338)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	UNEMPLOYMENT INSURANCE	STATE LOTTERY	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest and Dividends on Investments	2,933	6,526	25,414	1,480	-
Proceeds from Sale/Maturity of Investments	-	-	-	-	-
Purchases of Investments	-	-	-	-	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	2,591	429	7	839	27
NET CASH FROM INVESTING ACTIVITIES	5,524	6,955	25,421	2,319	27
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	21,749	18,147	175,190	7,650	2,129
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	160,308	162,020	993,062	47,066	783
CASH AND POOLED CASH, FISCAL YEAR END	$ 182,057	$ 180,167	$ 1,168,252	$ 54,716	$ 2,912
RECONCILIATION OF OPERATING INCOME TO NET CASH					
PROVIDED BY OPERATING ACTIVITIES					
Operating Income (Loss)	$ 28,614	$ 15,996	$ 175,163	$ 169,187	$ (2,111)
Adjustments to Reconcile Operating Income (Loss)					
to Net Cash Provided by Operating Activities:					
Depreciation	12,436	68	2,400	142	846
Investment/Rental Income and Other Revenue in Operating Income	-	-	-	-	-
State Support for PERA Pensions	1,705	19	83	175	45
Rents, Fines, Donations, and Grants and Contracts in NonOperating	14,808	-	2,188	-	-
Compensated Absences Expense	522	32	-	32	6
Interest and Other Expense in Operating Income	6,975	(1)	(1)	28	225
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred					
Inflows Related to Operating Activities:					
(Increase) Decrease in Operating Receivables	(3,854)	(4,104)	(4,198)	(1,947)	(142)
(Increase) Decrease in Inventories	(260)	-	-	261	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	363	(12)	-	(1,256)	(16)
(Increase) Decrease in Pension Deferred Outflow	43,485	(238)	4,237	5,465	1,320
(Increase) Decrease in OPEB Deferred Outflow	(309)	(20)	(6)	(14)	(4)
Increase (Decrease) in Accounts Payable	(1,605)	(26)	(2,127)	(319)	156
Increase (Decrease) in Pension Liability	(183,124)	(1,064)	(12,041)	(20,430)	(4,982)
Increase (Decrease) in OPEB Liability	446	26	(11)	9	9
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	4,935	30	(5,271)	3,158	118
Increase (Decrease) in Pension Deferred Inflow	110,253	645	6,127	11,596	2,675
Increase (Decrease) in OPEB Deferred Inflow	(13)	(5)	11	17	(3)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 35,377	$ 11,346	$ 166,554	$ 166,104	$ (1,858)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:					
Capital Assets Funded by the Capital Projects Fund	-	-	-	-	59
Capital Assets Acquired by Grants or Donations and Payable Increases	67	-	-	-	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	2,591	900	7	-	-
Loss on Disposal of Capital and Other Assets	1,916	-	-	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	-	-	-	-
State Support for PERA Pensions	1,705	19	83	175	45
Advertising Provided through Private Sponsorship	-	-	-	-	1,204

	CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	TRANSPORTATION ENTERPRISE	OTHER ENTERPRISE ACTIVITIES	TOTALS
	22	493	236	149	7,092	1,393	45,738
	-	-	-	-	24,173	1,595	25,768
	-	-	-	-	(24,190)	(1,166)	(25,356)
	52	426	144	152	4,231	1,282	10,180
	74	919	380	301	11,306	3,104	56,330
	(2,572)	3,643	(1,116)	(1,237)	(26,023)	1,446	199,006
	3,516	22,381	8,675	5,942	327,692	51,337	1,782,782
	$ 944	$ 26,024	$ 7,559	$ 4,705	$ 301,669	$ 52,783	$ 1,981,788
	$ 1,931	$ 12,308	$ 414	$ (37,075)	$ 108,883	$ 511	$ 473,821
	435	2,028	115	18	17,865	914	37,267
	-	-	-	-	-	(2,109)	(2,109)
	246	645	42	61	55	177	3,253
	33	21	2	34,846	9,635	-	61,533
	(30)	121	(3)	(57)	(17)	(19)	587
	(23)	17	173	15	(17,530)	1	(10,121)
	(3,160)	832	-	1,302	(8,565)	62	(23,774)
	(517)	(12)	27	-	-	161	(340)
	549	(24)	-	-	29	(352)	(719)
	5,815	19,862	1,278	2,038	(711)	5,342	87,893
	(53)	(56)	(2)	(5)	(69)	(53)	(591)
	2,514	(51)	(345)	827	8,419	355	7,798
	(25,605)	(75,394)	(4,544)	(7,829)	(3,146)	(18,030)	(356,189)
	111	41	7	(30)	90	111	809
	104	500	-	-	44,894	752	49,220
	16,363	43,888	2,305	4,350	380	12,134	210,716
	(22)	62	-	32	(51)	(6)	22
	$ (1,309)	$ 4,788	$ (531)	$ (1,507)	$ 160,161	$ (49)	$ 539,076
	-	-	-	-	-	-	59
	-	-	-	-	65,918	-	65,985
	52	426	144	152	1,323	1,282	6,877
	-	(726)	-	-	-	59	1,249
	-	312	-	-	-	405	717
	246	645	42	61	55	177	3,253
	-	-	-	-	-	-	1,204

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, 2019

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 13,191	$ 3,453	$ 21,759	$ 7,684
Other Receivables, net	1,156	-	68	1
Due From Other Governments	-	-	146	-
Due From Other Funds	-	-	277	-
Inventories	597	-	-	136
Prepaids, Advances and Deposits	15	93	8,087	-
Total Current Assets	14,959	3,546	30,337	7,821
Noncurrent Assets:				
Depreciable Capital Assets and Infrastructure, net	76,848	21,934	16,578	10,749
Land and Nondepreciable Capital Assets	-	174	137	-
Total Noncurrent Assets	76,848	22,108	16,715	10,749
TOTAL ASSETS	91,807	25,654	47,052	18,570
DEFERRED OUTFLOW OF RESOURCES:	4,347	1,421	43,979	1,900
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	2,110	440	20,207	1,181
Due To Other Governments	1	-	-	-
Due To Other Funds	-	-	-	-
Unearned Revenue	-	-	3,876	49
Compensated Absences Payable	-	-	1,071	14
Leases Payable	16,645	3,725	-	1,453
Other Current Liabilities	242	-	-	-
Total Current Liabilities	18,998	4,165	25,154	2,697
Noncurrent Liabilities:				
Accrued Compensated Absences	581	109	7,166	246
Capital Lease Payable	56,194	7,524	-	9,360
Net Pension Liability	22,850	6,302	265,977	11,060
Other Postemployment Benefits	918	259	10,526	452
Total Noncurrent Liabilities	80,543	14,194	283,669	21,118
TOTAL LIABILITIES	99,541	18,359	308,823	23,815
DEFERRED INFLOW OF RESOURCES:	12,825	3,347	137,537	6,022
NET POSITION:				
Net investment in Capital Assets:	4,008	10,859	16,715	(63)
Unrestricted	(20,220)	(5,490)	(372,044)	(9,304)
TOTAL NET POSITION	$ (16,212)	$ 5,369	$ (355,329)	$ (9,367)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ -	$ 269	$ 1,324	$ 8,961	$ 170	$ 56,811
4	20	4	3	32	1,288
-	-	-	-	-	146
-	-	-	-	-	277
161	-	-	-	-	894
-	-	7	469	-	8,671
165	289	1,335	9,433	202	68,087
68	1,672	21	1,002	-	128,872
-	-	-	-	-	311
68	1,672	21	1,002	-	129,183
233	1,961	1,356	10,435	202	197,270
218	71	2,243	15,991	753	70,923
32	1	377	2,850	369	27,567
-	-	-	-	-	1
596	-	-	-	-	596
-	-	-	-	50	3,975
-	-	14	315	-	1,414
-	-	-	-	-	21,823
-	-	-	-	-	242
628	1	391	3,165	419	55,618
-	-	343	1,617	31	10,093
-	-	-	-	-	73,078
1,396	-	13,081	81,785	3,267	405,718
59	-	536	3,259	136	16,145
1,455	-	13,960	86,661	3,434	505,034
2,083	1	14,351	89,826	3,853	560,652
1,712	-	7,001	42,524	3,058	214,026
68	1,672	21	1,002	-	34,282
(3,412)	359	(17,774)	(106,926)	(5,956)	(540,767)
$ (3,344)	$ 2,031	$ (17,753)	$ (105,924)	$ (5,956)	$ (506,485)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
OPERATING REVENUES:				
Sales of Goods and Services	$ 65,410	$ 12,941	$ 298,465	$ 23
Rental Income	-	-	-	15,967
Other	1,047	-	16	1
TOTAL OPERATING REVENUES	66,457	12,941	298,481	15,991
OPERATING EXPENSES:				
Salaries and Fringe Benefits	6,539	2,416	157,906	2,772
Operating and Travel	35,629	6,649	108,885	6,717
Depreciation and Amortization	19,327	4,332	3,913	2,336
Prizes and Awards	-	-	17	2
TOTAL OPERATING EXPENSES	61,495	13,397	270,721	11,827
OPERATING INCOME (LOSS)	4,962	(456)	27,760	4,164
NONOPERATING REVENUES AND (EXPENSES):				
Fines and Settlements	4	-	-	-
Investment Income (Loss)	-	83	478	-
Gain/(Loss) on Sale or Impairment of Capital Assets	1,581	-	706	131
Insurance Recoveries from Prior Year Impairments	36	-	-	-
Debt Service	(1,605)	(169)	(79)	(552)
TOTAL NONOPERATING REVENUES (EXPENSES)	16	(86)	1,105	(421)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	4,978	(542)	28,865	3,743
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	985	-	-	-
Transfers- In	637	932	1,911	109
Transfers- Out	(364)	(122)	(653)	(1,946)
TOTAL CONTRIBUTIONS AND TRANSFERS	1,258	810	1,258	(1,837)
CHANGE IN NET POSITION	6,236	268	30,123	1,906
NET POSITION - FISCAL YEAR BEGINNING	(22,448)	5,101	(385,452)	(11,273)
NET POSITION - FISCAL YEAR ENDING	$ (16,212)	$ 5,369	$ (355,329)	$ (9,367)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 1,333	$ 155	$ 5,652	$ 41,200	$ 2,891	$ 428,070
-	-	-	-	-	15,967
-	-	-	-	53	1,117
1,333	155	5,652	41,200	2,944	445,154
(364)	40	2,989	28,616	1,246	202,160
758	59	1,171	3,175	1,415	164,458
31	304	1	236	-	30,480
-	-	-	10	-	29
425	403	4,161	32,037	2,661	397,127
908	(248)	1,491	9,163	283	48,027
-	-	-	-	-	4
-	-	46	301	9	917
-	-	22	-	-	2,440
-	-	-	-	-	36
(13)	-	-	(5)	-	(2,423)
(13)	-	68	296	9	974
895	(248)	1,559	9,459	292	49,001
-	-	-	-	-	985
9	-	90	563	25	4,276
-	-	(116)	(3,340)	(100)	(6,641)
9	-	(26)	(2,777)	(75)	(1,380)
904	(248)	1,533	6,682	217	47,621
(4,248)	2,279	(19,286)	(112,606)	(6,173)	(554,106)
$ (3,344)	$ 2,031	$ (17,753)	$ (105,924)	$ (5,956)	$ (506,485)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Fees for Service	$ 1,856	$ -	$ 640	$ 39
Receipts for Interfund Services	63,055	12,941	298,000	19
Sales of Products	6	-	-	-
Gifts, Grants, and Contracts	204	-	-	-
Income from Property	-	-	-	15,967
Other Sources	883	-	2,653	182
Cash Payments to or for:				
Employees	(9,316)	(2,138)	(181,653)	(4,153)
Suppliers	(32,581)	(137)	(69,268)	(5,513)
Payments for Interfund Services	(3,098)	(6,502)	(51,939)	(722)
Sales Commissions and Lottery Prizes	-	-	-	-
Other	(35)	(2)	(97)	(3)
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,974	4,162	(1,664)	5,816
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers- In	508	889	72	33
Transfers- Out	(364)	(122)	(653)	(1,946)
Receipt of Deposits Held in Custody	490	-	-	-
Release of Deposits Held in Custody	(435)	-	-	-
NonCapital Debt Proceeds	-	115	-	-
NonCapital Debt Service Payments	-	(115)	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	199	767	(581)	(1,913)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(409,531)	25	(7,082)	(60,955)
Proceeds from Sale of Capital Assets	409,787	-	4,644	60,593
Capital Debt Service Payments	(18)	(29)	(79)	-
Capital Lease Payments	(18,542)	(3,894)	-	(2,005)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(18,304)	(3,898)	(2,517)	(2,367)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	-	38	24	-
Increase(Decrease) from Unrealized Gain(Loss) on Investments	-	45	454	-
NET CASH FROM INVESTING ACTIVITIES	-	83	478	-
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	2,869	1,114	(4,284)	1,536
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	10,322	2,339	26,043	6,148
CASH AND POOLED CASH, FISCAL YEAR END	$ 13,191	$ 3,453	$ 21,759	$ 7,684

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ -	$ 14	$ 23	$ 21	$ 235	$ 2,828
5	128	5,632	41,181	2,655	423,616
1,325	-	-	-	-	1,331
-	-	-	-	-	204
-	-	-	-	-	15,967
-	-	-	-	45	3,763
(493)	(2)	(4,436)	(34,184)	(1,991)	(238,366)
(3,358)	(86)	(603)	(2,919)	(682)	(115,147)
596	(13)	(572)	(474)	(504)	(63,228)
-	-	-	-	(179)	(179)
(3)	-	(1)	(10)	(27)	(178)
(1,928)	41	43	3,615	(448)	30,611
-	-	-	-	-	1,502
-	-	(116)	(3,340)	(100)	(6,641)
-	-	-	-	-	490
-	-	-	-	-	(435)
-	-	-	-	-	115
-	-	-	-	-	(115)
-	-	(116)	(3,340)	(100)	(5,084)
-	(695)	(67)	(355)	(94)	(478,754)
-	363	44	176	-	475,607
(13)	-	-	(5)	-	(144)
-	-	-	-	-	(24,441)
(13)	(332)	(23)	(184)	(94)	(27,732)
-	-	23	153	2	240
-	-	23	148	7	677
-	-	46	301	9	917
(1,941)	(291)	(50)	392	(633)	(1,288)
1,941	560	1,374	8,569	803	58,099
$ -	$ 269	$ 1,324	$ 8,961	$ 170	$ 56,811

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 4,962	$ (456)	$ 27,760	$ 4,164
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided by Operating Activities:				
Depreciation	19,327	4,332	3,913	2,336
State Support for PERA Pensions	155	43	1,839	76
Rents, Fines, Donations, and Grants and Contracts in NonOperating	40	-	-	131
Compensated Absences Expense	46	(2)	466	(6)
Interest and Other Expense in Operating Income	233	1	93	97
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred				
Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(493)	-	176	34
(Increase) Decrease in Inventories	(139)	-	-	21
(Increase) Decrease in Other Operating Assets and Deferred Outflows	4	(71)	(4,358)	-
(Increase) Decrease in Pension Deferred Outflow	3,951	1,441	55,821	2,505
(Increase) Decrease in OPEB Deferred Outflow	(34)	(16)	(136)	(3)
Increase (Decrease) in Accounts Payable	(144)	91	(7,951)	379
Increase (Decrease) in Pension Liability	(17,340)	(4,015)	(201,965)	(8,837)
Increase (Decrease) in OPEB Liability	27	27	397	6
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	(4)	-	2,637	49
Increase (Decrease) in Pension Deferred Inflow	10,362	2,791	119,735	4,858
Increase (Decrease) in OPEB Deferred Inflow	21	(4)	(91)	6
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 20,974	$ 4,162	$ (1,664)	$ 5,816
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	959	-	-	-
Loss on Disposal of Capital and Other Assets	52,149	-	(2,823)	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	748	-	-
Assumption of Capital Lease Obligation or Mortgage	18,000	-	-	-
State Support for PERA Pensions	155	43	1,839	76

	HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
	$ 908	$ (248)	$ 1,491	$ 9,163	$ 283	$ 48,027
	31	304	1	236	-	30,480
	9	1	90	563	25	2,801
	-	-	-	-	-	171
	-	-	15	45	(7)	557
	1	(31)	22	2	131	549
	(4)	(12)	3	2	-	(294)
	(100)	-	-	-	-	(218)
	-	-	(7)	(244)	-	(4,676)
	565	93	2,934	14,127	1,457	82,894
	-	1	(3)	(108)	5	(294)
	(2,502)	(10)	(2)	109	(135)	(10,165)
	(2,531)	(1)	(10,241)	(57,094)	(4,836)	(306,860)
	(31)	-	13	209	(45)	603
	593	-	-	-	(8)	3,267
	1,109	(56)	5,724	36,655	2,641	183,819
	24	-	3	(50)	41	(50)
	$ (1,928)	$ 41	$ 43	$ 3,615	$ (448)	$ 30,611
	-	-	-	-	-	959
	-	-	(88)	-	-	49,238
	-	-	-	-	-	748
	-	-	-	-	-	18,000
	9	1	90	563	25	2,801

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, 2019

(DOLLARS IN THOUSANDS)	STATE EMPLOYEE BENEFIT PLANS	COLORADO STATE UNIVERSITY OTHER POST-EMPLOYMENT BENEFITS TRUST	TOTALS
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 83,224	$ -	$ 83,224
Other Receivables, net	860	1,787	2,647
Due From Other Funds	1,110	-	1,110
Total Current Assets	85,194	1,787	86,981
Noncurrent Assets:			
Restricted Cash and Pooled Cash	-	517	517
Investments:			
Government Securities	-	5,272	5,272
Corporate Bonds	-	9,217	9,217
Asset Backed Securities	-	888	888
Mortgages	-	8,499	8,499
Mutual Funds	-	32,675	32,675
Other Investments	-	28,629	28,629
Total Noncurrent Assets	-	85,697	85,697
TOTAL ASSETS	85,194	87,484	172,678
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	21,344	3,530	24,874
Due To Other Funds	14	-	14
Intrafund Payables	1	-	1
Claims and Judgments Payable	20,935	-	20,935
Total Current Liabilities	42,294	3,530	45,824
Noncurrent Liabilities:			
Accrued Compensated Absences	46	-	46
Total Noncurrent Liabilities	46	-	46
TOTAL LIABILITIES	42,340	3,530	45,870
NET POSITION:			
Restricted for:			
OPEB	-	83,954	83,954
Held in Trust for:			
Pension/Benefit Plan Participants	42,854	-	42,854
TOTAL NET POSITION	$ 42,854	$ 83,954	$ 126,808

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	STATE EMPLOYEE BENEFIT PLANS	COLORADO STATE UNIVERSITY OTHER POST-EMPLOYMENT BENEFITS TRUST	TOTALS
ADDITIONS:			
Member Contributions	$ 84,764	$ 1,636	$ 86,400
Employer Contributions	342,990	151	343,141
Investment Income/(Loss)	2,568	4,350	6,918
Other Additions	5,163	-	5,163
Transfers-In	1,568	-	1,568
TOTAL ADDITIONS	437,053	6,137	443,190
DEDUCTIONS:			
Distributions to Participants	-	3,305	3,305
Health Insurance Premiums Paid	157,378	-	157,378
Health Insurance Claims Paid	228,846	-	228,846
Other Benefits Plan Expense	31,893	-	31,893
Other Deductions	20,975	149	21,124
Transfers-Out	224	-	224
TOTAL DEDUCTIONS	439,316	3,454	442,770
CHANGE IN NET POSITION	(2,263)	2,683	420
NET POSITION - FISCAL YEAR BEGINNING	45,117	81,271	126,388
NET POSITION - FISCAL YEAR ENDING	$ 42,854	$ 83,954	$ 126,808

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2019

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN	COLLEGE OPPORTUNITY FUND	OTHER	TOTALS
ASSETS:						
Current Assets:						
Cash and Pooled Cash	$ 14,387	$ 167,876	$ 358	$ 136	$ 5,981	$ 188,738
Other Receivables, net	41	-	12,149	-	1,571	13,761
Due From Other Funds	-	-	11,502	-	-	11,502
Noncurrent Assets:						
Restricted Cash and Pooled Cash	-	-	68,451	-	-	68,451
Investments:						
Government Securities	-	18,487	-	-	663	19,150
Mutual Funds	-	-	8,583,920	-	-	8,583,920
Other Investments	-	-	142,654	-	-	142,654
TOTAL ASSETS	14,428	186,363	8,819,034	136	8,215	9,028,176
LIABILITIES:						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	$ -	$ -	$ 9,935	$ 115	$ 2,143	$ 12,193
Due To Other Funds	-	-	6	-	-	6
Unearned Revenue	-	-	5,508	-	4,977	10,485
Noncurrent Liabilities:						
Deposits Held In Custody For Others	-	-	5,906	-	-	5,906
TOTAL LIABILITIES	-	-	21,355	115	7,120	28,590
NET POSITION:						
Held in Trust for:						
Individuals, Organizations, and Other Entities	14,428	186,363	8,797,679	21	1,095	8,999,586
TOTAL NET POSITION	$ 14,428	$ 186,363	$ 8,797,679	$ 21	$ 1,095	$ 8,999,586

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	TREASURER'S	UNCLAIMED PROPERTY	COLLEGE SAVINGS PLAN	COLLEGE OPPORTUNITY FUND	OTHER	TOTALS
ADDITIONS:						
Additions By Participants	$ -	$ -	$ 1,005,775	$ 319,853	$ 12,480	$ 1,338,108
Investment Income/(Loss)	539	2,533	522,055	-	260	525,387
Unclaimed Property Receipts	-	61,285	-	-	-	61,285
Other Additions	1,021	-	1,201	-	1,238	3,460
Transfers-In	-	-	35	-	2	37
TOTAL ADDITIONS	1,560	63,818	1,529,066	319,853	13,980	1,928,277
DEDUCTIONS:						
Distributions to Participants	-	-	-	319,968	-	319,968
Payments in Accordance with Trust Agreements	580	46,822	875,989	-	13,599	936,990
Transfers-Out	-	-	-	-	26	26
TOTAL DEDUCTIONS	580	46,822	875,989	319,968	13,625	1,256,984
CHANGE IN NET POSITION	980	16,996	653,077	(115)	355	671,293
NET POSITION - FISCAL YEAR BEGINNING	13,448	169,367	8,144,602	136	740	8,328,293
NET POSITION - FISCAL YEAR ENDING	$ 14,428	$ 186,363	$ 8,797,679	$ 21	$ 1,095	$ 8,999,586

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

DEPARTMENT OF REVENUE AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 145,727	$ 1,899,522	$ 1,882,248	$ 163,001
Taxes Receivable, net	185,414	455,227	444,471	196,170
Other Receivables, net	-	369	369	-
Due From Other Funds	-	402	201	201
TOTAL ASSETS	$ 331,141	$ 2,355,520	$ 2,327,289	$ 359,372
LIABILITIES:				
Tax Refunds Payable	$ 2,574	$ 3,295	$ 2,932	$ 2,937
Accounts Payable and Accrued Liabilities	10	34,397	34,407	-
Due To Other Governments	329,180	2,123,239	2,097,377	355,042
Due To Other Funds	-	20	20	-
Claims and Judgments Payable	45	445	421	69
Other Current Liabilities	(877)	1,612	-	735
Other Long-Term Liabilities	209	2,577	2,197	589
TOTAL LIABILITIES	$ 331,141	$ 2,165,585	$ 2,137,354	$ 359,372

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OTHER AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 145,016	$ 217,060	$ 218,262	$ 143,814
Taxes Receivable, net	7,753	19,402	18,940	8,215
Other Receivables, net	305	1,500	1,509	296
Inventories	3	2	-	5
Other Long-Term Assets	9,780	974	1,933	8,821
TOTAL ASSETS	$ 162,857	$ 238,938	$ 240,644	$ 161,151
LIABILITIES:				
Tax Refunds Payable	$ 173	$ 148	$ 198	$ 123
Accounts Payable and Accrued Liabilities	1,258	23,150	23,620	788
Due To Other Governments	13,723	119,898	118,957	14,664
Due To Other Funds	-	8,334	8,334	-
Claims and Judgments Payable	-	28	28	-
Other Current Liabilities	147,247	145,090	147,214	145,123
Deposits Held In Custody For Others	449	81	102	428
Other Long-Term Liabilities	7	166	148	25
TOTAL LIABILITIES	$ 162,857	$ 296,895	$ 298,601	$ 161,151

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

DEPARTMENT OF TREASURY AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 502,077	$ 1,062,186	$ 343,434	$ 1,220,829
Other Receivables, net	-	282	282	-
Due From Other Funds	11,115	10,519	21,634	-
Due From Component Units	188	313	394	107
TOTAL ASSETS	$ 513,380	$ 1,073,300	$ 365,744	$ 1,220,936
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ 27	$ 429	$ 441	$ 15
Other Current Liabilities	465,162	1,066,805	343,644	1,188,323
Deposits Held In Custody For Others	48,191	558	16,151	32,598
TOTAL LIABILITIES	$ 513,380	$ 1,067,792	$ 360,236	$ 1,220,936

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TOTALS - ALL AGENCY FUNDS

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
ASSETS:				
Cash and Pooled Cash	$ 792,820	$ 3,178,768	$ 2,443,944	$ 1,527,644
Taxes Receivable, net	193,167	474,629	463,411	204,385
Other Receivables, net	305	2,151	2,160	296
Due From Other Funds	11,115	10,921	21,835	201
Due From Component Units	188	313	394	107
Inventories	3	2	-	5
Other Long-Term Assets	9,780	974	1,933	8,821
TOTAL ASSETS	$ 1,007,378	$ 3,667,758	$ 2,933,677	$ 1,741,459
LIABILITIES:				
Tax Refunds Payable	$ 2,747	$ 3,443	$ 3,130	$ 3,060
Accounts Payable and Accrued Liabilities	1,295	57,976	58,468	803
Due To Other Governments	342,903	2,243,137	2,216,334	369,706
Due To Other Funds	-	8,354	8,354	-
Claims and Judgments Payable	45	473	449	69
Other Current Liabilities	611,532	1,213,507	490,858	1,334,181
Deposits Held In Custody For Others	48,640	639	16,253	33,026
Other Long-Term Liabilities	216	2,743	2,345	614
TOTAL LIABILITIES	$ 1,007,378	$ 3,530,272	$ 2,796,191	$ 1,741,459

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, 2019

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	HLC @ METRO	TOTAL
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 2,918	$ 232	$ 3,150
Other Receivables, net	2,709	204	2,913
Due From Other Governments	-	334	334
Total Current Assets	5,627	770	6,397
Noncurrent Assets:			
Restricted Cash and Pooled Cash	2,548	9,236	11,784
Other Long-Term Assets	218	202	420
Depreciable Capital Assets and Infrastructure, net	141,981	36,182	178,163
Land and Nondepreciable Capital Assets	24,552	297	24,849
Total Noncurrent Assets	169,299	45,917	215,216
TOTAL ASSETS	174,926	46,687	221,613
DEFERRED OUTFLOW OF RESOURCES:	-	4,487	4,487
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	3,156	1,251	4,407
Notes, Bonds, and COPs Payable	-	1,317	1,317
Other Current Liabilities	-	604	604
Total Current Liabilities	3,156	3,172	6,328
Noncurrent Liabilities:			
Notes, Bonds, and COPs Payable	-	48,919	48,919
Other Long-Term Liabilities	7,000	4,487	11,487
Total Noncurrent Liabilities	7,000	53,406	60,406
TOTAL LIABILITIES	10,156	56,578	66,734
NET POSITION:			
Net investment in Capital Assets:	166,533	(12,285)	154,248
Restricted for:			
Permanent Funds and Endowments:			
Expendable	-	-	-
Other Purposes	2,894	6,738	9,632
Unrestricted	(4,657)	143	(4,514)
TOTAL NET POSITION	$ 164,770	$ (5,404)	$ 159,366

COMBINING STATEMENT OF ACTIVITIES
OTHER COMPONENT UNITS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2019

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	HLC @ METRO	TOTAL
EXPENSES	$ 6,857	$ 10,965	$ 17,822
PROGRAM REVENUES:			
Charges for Services	10,065	10,369	20,434
Operating Grants and Contributions	-	1	1
Capital Grants and Contributions	2,500	998	3,498
TOTAL PROGRAM REVENUES:	12,565	11,368	23,933
NET (EXPENSE) REVENUE	5,708	403	6,111
GENERAL REVENUES:			
Unrestricted Investment Earnings (Losses)	46	169	215
TOTAL GENERAL REVENUES	46	169	215
CHANGE IN NET POSITION	5,754	572	6,326
NET POSITION - FISCAL YEAR BEGINNING (as restated)	159,016	(5,976)	153,040
NET POSITION - FISCAL YEAR ENDING	$ 164,770	$ (5,404)	$ 159,366

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, 2019

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 428,341	
Income Taxes			948,554	
Other Taxes			36,533	
Sales and Services			132	
Interest Earnings			3,074	
Other Revenues			4,777	
Transfers-In			5,592	
TOTAL REVENUES AND TRANSFERS-IN			1,427,003	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Governor	$ -	$ 750	750	$ -
Health Care Policy and Financing	-	11,022	10,995	27
Higher Education	-	408	408	-
Human Services	-	272	272	-
Local Affairs	4,300	4,300	4,222	78
Personnel & Administration	-	972	766	206
Public Health and Environment	-	2,019	1,868	151
Regulatory Agencies	4,150	4,150	4,150	-
Revenue	207,172	308,930	283,005	25,925
Treasury	1,068,079	1,068,079	1,028,571	39,508
Transfers Not Appropriated by Department	90,382	90,382	90,382	-
SUB-TOTAL OPERATING BUDGETS	1,374,083	1,491,284	1,425,389	65,895
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 1,374,083	$ 1,491,284	1,425,389	$ 65,895
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 1,614	

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, 2019

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 880,311	
Other Taxes			983,744	
Tuition and Fees			260,688	
Sales and Services			1,660,355	
Interest Earnings			701,248	
Health Care Provider Fees			3	
Other Revenues			3,029,440	
Transfers-In			6,426,788	
Capital Contributions			25	
TOTAL REVENUES AND TRANSFERS-IN			13,942,602	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 3,187	$ 7,038	3,926	$ 3,112
Corrections	21,895	43,107	41,645	1,462
Education	4,137,243	4,130,003	4,106,185	23,818
Governor	362,400	369,747	130,802	238,945
Health Care Policy and Financing	21,217	23,527	12,594	10,933
Higher Education	1,830,424	1,871,323	1,592,256	279,067
Human Services	317,119	153,006	113,205	39,801
Judicial Branch	46,872	64,562	56,424	8,138
Labor and Employment	482,137	482,548	411,605	70,943
Law	39,023	39,467	10,750	28,717
Legislative Branch	13,646	13,646	5,453	8,193
Local Affairs	284,145	322,889	220,519	102,370
Military and Veterans Affairs	2,374	2,374	2,007	367
Natural Resources	906,536	938,714	428,306	510,408
Personnel & Administration	510,193	515,234	499,901	15,333
Public Health and Environment	38,923	111,670	12,635	99,035
Public Safety	162,539	162,710	94,672	68,038
Regulatory Agencies	9,003	9,630	1,860	7,770
Revenue	809,887	947,867	911,124	36,743
State	6,427	6,485	3,028	3,457
Transportation	4,115,533	4,127,262	1,183,622	2,943,640
Treasury	2,518,067	2,557,537	1,930,859	626,678
Budgets/Transfers Not Recorded by Department	6,736	169,377	169,398	(21)
SUB-TOTAL OPERATING BUDGETS	16,645,526	17,069,723	11,942,776	5,126,947
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	2,210	2,210	-	2,210
Corrections	8,407	8,407	274	8,133
Education	1,137	1,137	6	1,131
Governor	576	576	20	556
Higher Education	65,651	64,094	5,658	58,436
Human Services	23,885	23,885	163	23,722
Military and Veterans Affairs	638	638	-	638
Natural Resources	13,873	67,177	27,314	39,863
Personnel & Administration	14,942	14,942	446	14,496
Public Health and Environment	1,715	1,715	75	1,640
Public Safety	740	740	44	696
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	133,774	185,521	34,000	151,521
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 16,779,300	$ 17,255,244	11,976,776	$ 5,278,468
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 1,965,826	

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, 2019

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 3,754,215	
TOTAL REVENUES AND TRANSFERS-IN			3,754,215	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 3,909	$ 10,933	5,492	$ 5,441
Corrections	3,516	6,462	5,081	1,381
Education	617,195	856,453	615,616	240,837
Governor	6,767	54,973	28,297	26,676
Health Care Policy and Financing	272,872	486,514	366,153	120,361
Higher Education	29,037	408,235	269,539	138,696
Human Services	269,064	1,261,813	1,061,280	200,533
Judicial Branch	14,671	20,215	18,242	1,973
Labor and Employment	111,999	189,542	109,761	79,781
Law	2,002	1,948	1,657	291
Local Affairs	80,813	296,680	137,643	159,037
Military and Veterans Affairs	220,107	32,116	20,079	12,037
Natural Resources	26,568	97,400	49,507	47,893
Personnel & Administration	-	628	227	401
Public Health and Environment	279,274	455,026	298,903	156,123
Public Safety	69,839	449,391	109,820	339,571
Regulatory Agencies	1,250	8,508	3,439	5,069
Revenue	824	3,057	1,023	2,034
State	-	6,870	40	6,830
Transportation	658,926	998,661	392,382	606,279
Treasury	126,475	126,475	126,475	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,795,108	5,771,900	3,620,656	2,151,244
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 2,795,108	$ 5,771,900	3,620,656	$ 2,151,244
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 133,559	

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, 2019

	Fiscal Year 2019	Fiscal Year 2018	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	$ 7,554,025,207	$ 6,957,330,741	$ 596,694,466	8.6%
Sales and Use Tax, Net	3,399,519,069	3,235,912,170	163,606,899	5.1%
Corporate Income Tax, Net	855,706,743	736,021,976	119,684,767	16.3%
Insurance Taxes	314,663,520	303,594,443	11,069,077	3.6%
Fiduciary Income Tax, Net	64,239,350	48,700,734	15,538,616	31.9%
Tobacco Products Tax, Net	54,840,609	50,982,130	3,858,479	7.6%
Alcoholic Beverages Tax, Net	48,304,172	46,487,583	1,816,589	3.9%
Court and Other Fines	25,517,610	9,203,005	16,314,605	177.3%
Interest and Investment Income	24,560,039	18,123,754	6,436,285	35.5%
Business Licenses and Permits	5,817,416	7,453,344	(1,635,928)	-21.9%
Miscellaneous Revenue	1,559,959	1,598,058	(38,099)	-2.4%
General Government Service Fees	1,020,382	667,032	353,350	53.0%
Gaming and Other Taxes	509,843	516,022	(6,179)	-1.2%
Public Safety Service Fees	55,650	-	55,650	N/A
Other Charges For Services	47,443	42,542	4,901	11.5%
Welfare Service Fees	8,434	-	8,434	N/A
TOTAL GENERAL-FUNDED REVENUES	12,350,395,446	11,416,633,534	933,761,912	8.2%
PROGRAM REVENUES				
Fuel and Transportation Taxes, Net	658,121,910	658,463,068	(341,158)	-0.1%
Motor Vehicle Registrations	280,349,502	280,279,899	69,603	0.0%
Severance Taxes	241,727,089	132,827,140	108,899,949	82.0%
Business Licenses and Permits	181,683,801	175,823,163	5,860,638	3.3%
Court and Other Fines	178,205,261	174,692,569	3,512,692	2.0%
Other Charges For Services	168,598,785	161,187,329	7,411,456	4.6%
Gaming and Other Taxes	105,662,962	105,879,363	(216,401)	-0.2%
Interest and Investment Income	88,757,023	62,050,575	26,706,448	43.0%
Health Service Fees	86,491,292	79,435,462	7,055,830	8.9%
General Government Service Fees	75,704,774	70,193,136	5,511,638	7.9%
Rents and Royalties	64,951,667	60,113,530	4,838,137	8.0%
Miscellaneous Revenue	54,481,376	69,091,036	(14,609,660)	-21.1%
Driver's Licenses	42,278,947	45,855,931	(3,576,984)	-7.8%
Sales and Use Tax, Net	41,112,066	42,921,159	(1,809,093)	-4.2%
Employment Taxes	34,090,799	34,245,305	(154,506)	-0.5%
Nonbusiness Licenses and Permits	30,649,735	34,334,358	(3,684,623)	-10.7%
Local Governments and Authorities	24,220,711	35,465,294	(11,244,583)	-31.7%
Certifications and Inspections	22,102,796	25,091,657	(2,988,861)	-11.9%
Public Safety Service Fees	20,347,834	21,186,165	(838,331)	-4.0%
Insurance Taxes	20,079,543	17,096,515	2,983,028	17.4%
Educational Fees	9,178,478	6,360,490	2,817,988	44.3%
Higher Education Auxiliary Sales and Services	3,935,786	6,437,136	(2,501,350)	-38.9%
Sales of Products	2,312,622	2,969,485	(656,863)	-22.1%
Welfare Service Fees	1,902,015	1,091,995	810,020	74.2%
Alcoholic Beverages Tax, Net	819,571	762,525	57,046	7.5%
Other Excise Taxes, Net	257,238	391,759	(134,521)	-34.3%
Tobacco Products Tax, Net	424	390	34	8.7%
Estate and Inheritance Taxes	169	758	(589)	-77.7%
TOTAL PROGRAM REVENUES	2,438,024,176	2,304,247,192	133,776,984	5.8%
TOTAL NONEXEMPT REVENUE	$ 14,788,419,622	$ 13,720,880,726	$ 1,067,538,896	7.8%

STATE OF COLORADO
SCHEDULE OF COMPUTATIONS REQUIRED
UNDER ARTICLE X, SECTION 20
AS OF JUNE 30, 2019

	FISCAL YEAR 2018	FISCAL YEAR 2019
COMPUTATION OF NONEXEMPT REVENUES		
Total State Expenditures	$ 48,097,074,059	$ 47,709,288,359
Less Exempt Enterprises Expenses:		
Higher Education Enterprises	11,568,285,214	9,765,775,281
Colorado Healthcare Affordability and Sustainability Enterprise	3,310,867,117	3,430,425,656
CollegeInvest	777,595,435	877,688,744
State Lottery	622,320,424	678,705,486
College Assist	540,409,415	542,600,604
Unemployment Compensation Section	444,422,991	384,654,531
Parks and Wildlife	315,167,828	217,788,580
Correctional Industries	92,974,194	68,448,600
State Nursing Homes	90,791,740	47,137,788
Petroleum Storage Tank Fund	37,621,298	37,604,936
Statewide Transportation Enterprise	21,890,869	20,515,850
Statewide Bridge Enterprise	20,201,311	12,605,239
Brand Board	8,726,704	3,982,694
Clean Screen Authority	3,314,143	2,940,192
Electronic Recording Technology Fund	97,759	2,565,594
Capitol Parking Authority	851,756	751,687
Subtotal Enterprise Expenses	17,855,538,198	16,094,191,462
Total District Expenditures	30,241,535,861	31,615,096,897
Less Exempt District Revenues:		
Interfund Transfers	8,030,077,723	8,640,387,638
Federal Funds	7,047,690,375	6,681,094,966
Other Sources and Additions (Note 7)	847,158,445	1,492,961,744
Voter Approved Revenue Changes (Note 8)	1,023,117,034	1,112,149,036
Exempt Investment Income	(39,672,595)	238,472,414
Gifts	165,341,268	181,128,109
Property Sales	117,685,925	161,928,058
Damage Awards	197,267,370	105,223,336
Subtotal Exempt District Revenues	17,388,665,545	18,613,345,301
Nonexempt District Expenditures	12,852,870,316	13,001,751,596
District Reserve/Fund Balance Increase (Decrease)	849,500,024	1,358,332,520
Excess TABOR Revenues	18,510,386	428,335,506
Total Nonexempt District Revenues	$ 13,720,880,726	$ 14,788,419,622
COMPUTATION OF DISTRICT FUND BALANCE CHANGES		
Beginning District Fund Balance	$ 6,193,393,968	$ 7,002,966,380
Prior Period District Fund Balance Adjustments (Note 11)	(18,734,901)	(37,727,671)
(Qualification)/Disqualification of Enterprises (Note 14)	(39,703,097)	-
District Reserve/Fund Balance Increase (Decrease)	849,500,024	1,358,332,520
Retention of Revenues in Excess of the Limit C.R.S. 24-77-103.6(1)(a)	18,510,386	428,335,506
Ending District Fund Balance	$ 7,002,966,380	$ 8,751,906,735

FISCAL YEAR 2019 COMPUTATION OF SPENDING LIMITATIONS	FISCAL YEAR SPENDING	EXCESS STATE REVENUES CAP
FY 2018 Adjusted Limit	$ 11,220,749,237	$ 13,702,370,340
Allowable TABOR Growth Rate (Note 12)	4.8%	4.8%
FY 2019 Adjusted Limit	$ 11,759,345,200	$ 14,360,084,116
Less Fiscal Year 2019 Nonexempt District Revenues	(14,788,419,622)	(14,788,419,622)
Amount (Over)Under Adjusted Limit FY 2019	$ (3,029,074,422)	$ (428,335,506)

FY 2015 remaining amount in excess of the limit to be refunded in the next refund year	$ 399,089
FY 2018 remaining amount in excess of the limit to be refunded in the next refund year	$ 2,949,972
Amount to be refunded for Fiscal Year 2019	$ 431,684,567
FY 2019 retention of revenues in excess of the limit (not refundable) C.R.S. 24-77-103.6(1)(b)	$ 2,600,738,916

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.

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 2019.

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 2019 totals $443,652,589.

At June 30, 2019, the net assets of the following funds were designated as the reserve, up to the limits set in the Long Appropriations Act (HB 18-1322):

- Major Medical Fund – $74,000,000. Only $70,636,813 of this fund's balance was restricted since, at June 30, 2019 its net assets were less than $74,000,000. The assets restricted were net cash of $68,655,430 and investments, excluding unrealized gains, of $1,981,383.

- Wildlife Cash Fund – $34,000,000.

- Perpetual base account of the Severance Tax Fund – $33,000,000.

- Colorado Water Conservation Board Construction Fund – $33,000,000.

- Controlled Maintenance Trust Fund – $93,996,000. Only $54,607,903 of this fund's net assets were restricted, all of it cash, since at June 30, 2019 its net assets were less than $93,996,000. During the fiscal year, $38,970,000 was transferred from the Controlled Maintenance Trust Fund to the Disaster Emergency Fund, through twelve executive orders, to pay for the costs of fighting wildfires and other purposes. Another $500,000 was transferred from the trust fund to the Wildfire Emergency Response Fund, through an executive order, due to the costs of exceptional fire risk.

- Unclaimed Property Tourism Promotion Trust Fund - $5,000,000.

House Bill 18-1322 (2018 legislative session Long Appropriations Act) designated up to $160,272,000 of State properties as the remainder of the Fiscal Year 2019 emergency reserve.

The estimate of the needed reserve was based on the March 2018 revenue estimate prepared by Legislative Council. Because the revenues subject to the TABOR reserve requirement were more than available in the designated funds as detailed above, the amount restricted for the reserve was $53,135,873 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. Property tax exemption reimbursement – 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. Temporary income tax rate reduction – 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 2019, the State had an outstanding TABOR refund liability of $39,837,174. During the fiscal year, $39,695,485 was refunded from the Fiscal Year 2015 and Fiscal Year 2018 liabilities, the two fiscal years when revenue last exceeded the ESRC. Before calculation of the amount over/under the excess State revenues cap for Fiscal Year 2019, and the discovery of prior year revenue recognition errors, the amount left to refund was thus reduced to $141,689. In Fiscal Year 2019, nonexempt revenue again exceeded the ESRC by $428,335,506. With the discovery of revenue recognition errors in Fiscal Year 2019 that under-reported $3,207,372 of nonexempt revenue affecting the Fiscal Year 2015 and Fiscal Year 2018 refunds, the resulting liability at June 30, 2019 was $431,684,567 (see Note 15 for more detail).

NOTE 7. OTHER SOURCES AND ADDITIONS

The $1,493.0 million reported in this line item primarily comprises: $426.6 million of pension and other employee benefit trust fund investment earnings and additions by the State and participants; $797.04 million of proceeds from the issuance of certificates of participation; $122.0 million of revenue to permanent funds and trusts; $22.8 million of local government expenditures recorded by the State as revenues and expenditures to meet grant matching-funds requirements; and $108.7 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 $56,282 and $59,562 from this exempt source in Fiscal Year 2019 and Fiscal Year 2018, 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 $2,155,191 and $1,647,470 including interest and unrealized gains/losses from this revenue source in Fiscal Year 2019 and Fiscal Year 2018, 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 $702,203,798 and $617,552,518 of tax revenues, interest, operating transfers and unrealized gains/losses, as exclusions from fiscal year spending in Fiscal Year 2019 and Fiscal Year 2018, 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 $135,946,088 and $146,991,846 of tax revenues, interest, transfers, and unrealized gains/losses from this exempt source in Fiscal Year 2019 and Fiscal Year 2018, respectively.

- In the 2005 general election, Colorado voters approved Referendum C – a measure referred to the voters by the Legislature. The referendum allowed the State to retain revenues in excess of the TABOR limit for a period of five years, and it stated that the excess revenue retained qualified as a voter approved revenue change. However, in order to determine the amount retained, the Schedule of Required Computations includes the retained amount as nonexempt revenue. Therefore, the retained amount is not reported in this note as a voter approved revenue change (see Note 9).

- In the 2008 general election, voters approved an amendment required to implement locally approved changes to the parameters for Limited Gaming under Section 9(7) of Article XVIII of the Colorado Constitution. This amendment allowed the residents of Central City, Black Hawk, and Cripple Creek to vote to extend casino hours, approve additional games and increase the maximum single bet limit. It required distribution of most of the gaming tax revenue that resulted from the new gaming limits to Colorado community colleges and to gaming cities and counties, and it exempted the new revenue from state and local revenue and spending limits. The State collected $20,190,054 and $20,232,009 of extended limited gaming revenue in Fiscal Year 2019 and Fiscal Year 2018, 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 $58,940,346 of state excise tax and $192,657,278 of retail marijuana state sales tax revenues from these exempt sources in Fiscal Year 2019. In the prior fiscal year, the State recorded $68,435,222 and $168,198,408 respectively, from these two sources.

NOTE 9. REFERENDUM C

Referendum C was placed on the ballot by the General Assembly and was approved by voters in the November 2005 election. It contained the following provisions:

- The State was authorized to retain and spend all revenues in excess of the limit on fiscal year spending after July 1, 2005, and before July 1, 2010 (five fiscal years). The authorization constituted a voter approved revenue change.
- After July 1, 2010, the State is allowed to retain revenues in excess of the limit on fiscal year spending up to a newly defined excess State revenues cap (ESRC). The excess State revenues cap is the highest population and inflation-adjusted nonexempt revenue amount in the period from July 1, 2005, to June 30, 2010, also adjusted for qualification and disqualification of enterprises. This provision effectively disabled the ratchet down provision of TABOR during the five-year period. (The term "ratchet down" is used to describe the TABOR provision that requires each year's base for calculating the limit to be the lesser of the prior year's revenues or the prior year's limit.)

- In the 2017 legislative session, enactment of Senate Bill 17-267 lowered the ESRC base by $200 million. This one-time change took effect in Fiscal Year 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 $21,816,035,899 -- $3,593,602,662 during the initial five-year revenue retention period, and an additional $18,222,433,237 due to the ESRC exceeding the Fiscal Year Spending limit in Fiscal Year 2011 through Fiscal Year 2019.

NOTE 10. DISTRICT RESERVES

District reserves are the cumulative fund balances of the State reported in the State's Comprehensive Annual Financial Report at the fund level rather than the government-wide level. District reserves therefore exclude capital assets, liabilities that are not recorded in governmental funds at the fund level (primarily long-term liabilities), as well as net assets of the TABOR enterprises. The majority of these funds include balances not available for general appropriation due to legal and contractual restrictions.

NOTE 11. PRIOR PERIOD DISTRICT FUND BALANCE ADJUSTMENTS AND ACCOUNTING CHANGES

Prior period District fund balance adjustments decreased the TABOR District fund balance in total by $37,727,671.

Prior Period Adjustments –

- The Department of Natural Resources increased the district's net assets by $27,798,444 to adjust the value of water in the Chatfield Reservoir Mitigation Project. The department also decreased the district's net assets by $68,518,222 in a reclassification of buildings as investments and in a reclassification of land to the General Full Accrual Accounting Group.

- The Department of Human Services increased the district's net assets by $2,992,107 in an adjustment that corrected an indirect cost allocation error affecting the Statewide Nursing Home Enterprise.

Accounting Changes –

There were no prior period adjustments in Fiscal Year 2019 due to accounting changes.

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 4.8 percent allowable growth rate comprises a 1.4 percent increase for population growth (census date population for 2017 compared to census date population for 2016) and a 3.4 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 2019 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 2018 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 2019, 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. 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 2019, the discovery of various revenue recognition errors increased the amounts of the Fiscal Year 2015 and Fiscal Year 2018 refunds payable. The Fiscal Year 2015 refund payable increased by $257,400 due to the misclassification of TABOR revenue as exempt from fiscal year spending limits. The Fiscal Year 2018 refund payable increased by $2,949,972, also due to the misclassification of TABOR revenue as exempt.

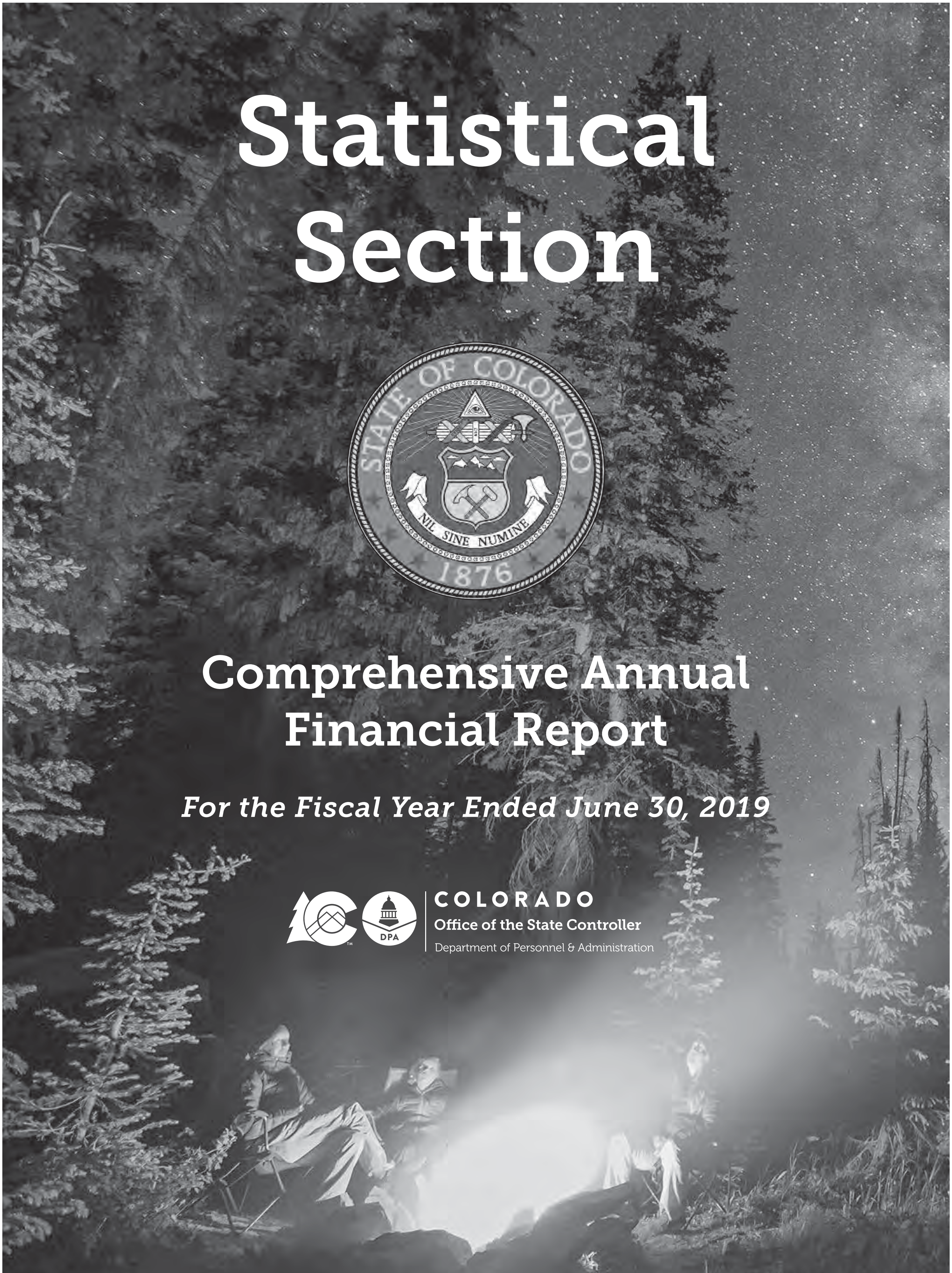
At June 30, 2018, total refunds payable were $39,837,174. Of this amount, $21,326,788 was un-refunded excess revenue from Fiscal Year 2015. The rest, $18,510,386 was excess revenue from Fiscal Year 2018. During Fiscal Year 2019, $39,508,085 was refunded indirectly to taxpayers through the homestead exemption act as a reimbursement of exempt property tax revenue foregone by local governments. The total refund represents the entire amount of the Fiscal Year 2018 excess revenue and $20,997,699 from the remaining part of the Fiscal Year 2015 refund liability. Another $187,400 of the Fiscal Year 2015 liability was refunded to taxpayers through the sales tax refund mechanism in place at that time. Before calculation of the Fiscal Year 2019 amount of excess revenue and the discovery of revenue errors, the TABOR refund liability was $141,689 – all of it from Fiscal Year 2015.

In Fiscal Year 2019, nonexempt revenue exceeded the ESRC by $428,335,506. The Fiscal Year 2019 excess revenue ($428,335,506) is added to the additional amounts of excess revenue from prior years discovered during Fiscal Year 2019 ($257,400 and $2,949,972) plus the remaining amount of the Fiscal

Year 2015 payable ($141,689). The result is a TABOR refund payable at June 30, 2019 of $431,684,567 (see Note 6).

NOTE 16. FUTURE REFUNDS

The Department of Revenue estimates that all three mechanisms to distribute the Fiscal Year 2019 TABOR refund payable will be used. See Note 6 for an explanation of the three mechanisms to distribute TABOR refunds.



Statistical Section

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2019

COLORADO
Office of the State Controller
Department of Personnel & Administration

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

(DOLLARS IN THOUSANDS)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$ 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	$ 1,962,934
Investments	-	-	-	-	-	8,460	3,497	1,726	45,548	15,224
Taxes Receivable, net	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	857,246
Other Receivables, net	708,209	654,761	717,660	572,655	450,805	210,062	189,937	156,126	147,768	158,060
Due From Other Governments	468,940	754,910	524,240	440,053	787,269	570,721	369,249	318,460	486,655	516,248
Internal Balances	43,557	38,459	26,262	28,967	28,022	19,336	23,801	15,964	18,620	14,153
Due From Component Units	19	18	154	347	135	54	119	137	62	84
Inventories	101,161	52,102	54,152	53,261	54,194	53,125	55,319	17,057	19,837	16,468
Prepaids, Advances and Deposits	90,371	84,277	72,047	67,468	67,917	73,025	57,465	53,961	56,543	38,591
Total Current Assets	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	3,579,008
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	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	1,572,925
Restricted Investments	1,098,543	847,587	867,572	732,662	761,140	657,772	598,209	591,083	1,097,797	687,314
Restricted Receivables	445,384	633,173	587,580	510,028	363,300	258,107	176,055	181,932	173,347	195,753
Investments	1,177,035	449,308	255,069	219,369	280,100	428,321	464,535	416,674	52,343	529,059
Other Long-Term Assets	758,544	613,249	614,932	675,809	636,260	686,349	740,735	712,736	761,498	644,867
Depreciable Capital Assets and Infrastructure, net	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	9,689,916
Land and Nondepreciable Capital Assets	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	1,637,224
Capital Assets Held as Investments	-	42,896	42,899	33,055	-	-	-	-	-	-
Total Noncurrent Assets	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	14,957,058
TOTAL ASSETS	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	18,536,066
DEFERRED OUTFLOW OF RESOURCES:	4,421,051	2,563,034	3,503,643	818,761	350,796	18,289	-	-	-	-
LIABILITIES:										
Current Liabilities:										
Tax Refunds Payable	927,857	918,688	886,992	856,076	669,992	718,211	718,077	661,829	625,145	664,781
Accounts Payable and Accrued Liabilities	1,318,548	1,369,262	1,165,137	1,166,681	1,367,263	1,043,961	742,225	677,471	785,496	847,550
TABOR Refund Liability (Note 2B)	431,685	39,837	21,807	31,358	173,346	706	706	706	706	706
Due To Other Governments	283,432	306,883	395,627	232,724	233,087	245,300	198,953	228,229	216,956	181,684
Due To Component Units	-	-	-	-	-	15	81	-	-	-
Unearned Revenue	150,512	185,677	126,307	123,769	100,467	92,674	95,026	125,174	111,506	128,404
Accrued Compensated Absences	14,097	12,758	11,865	11,522	12,185	10,470	10,955	9,859	9,741	10,287
Claims and Judgments Payable	42,298	42,812	46,369	46,343	47,682	61,623	46,873	44,858	44,641	44,181
Leases Payable	26,162	25,789	28,254	28,261	27,760	26,941	20,004	14,387	12,872	11,384
Notes, Bonds, and COPs Payable	50,865	55,515	46,990	171,835	200,975	187,910	174,340	162,670	145,165	642,445
Other Current Liabilities	31,020	22,837	27,678	29,525	19,052	19,979	14,834	16,531	13,748	20,432
Total Current Liabilities	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	2,551,854
Noncurrent Liabilities:										
Deposits Held In Custody For Others	584	136	116	90	139	139	17	16	14	13
Accrued Compensated Absences	166,680	162,645	158,435	154,510	149,817	145,992	138,413	132,394	137,139	138,224
Claims and Judgments Payable	168,190	180,865	260,535	276,010	299,785	301,591	323,451	330,516	340,003	347,394
Capital Lease Payable	97,438	106,084	113,899	122,404	144,569	148,055	131,006	107,042	94,716	85,746
Notes, Bonds, and COPs Payable	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	1,554,964
Net Pension Liability	9,377,357	11,933,852	10,919,603	6,295,004	5,565,526	-	-	-	-	-
Other Postemployment Benefits	284,264	272,038	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	267,983	457,567	407,912	415,669	423,809	402,954	444,118	427,828	434,194	402,599
Total Noncurrent Liabilities	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	2,528,940
TOTAL LIABILITIES	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	5,080,794
DEFERRED INFLOW OF RESOURCES:	4,997,905	560,903	98,746	133,375	47,262	338	-	-	-	-
Net investment in Capital Assets:	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	10,118,621
Restricted for:										
Construction and Highway Maintenance	954,461	885,775	915,033	966,743	936,535	1,080,201	1,145,997	1,176,269	1,160,789	1,198,849
Education	203,648	295,468	107,012	309,957	766,688	1,110,180	1,265,476	280,269	485,171	194,586
Debt Service	104,011	91,950	79,966	68,105	56,534	44,752	33,113	21,453	10,127	4,093
Emergencies	191,245	201,166	194,369	217,328	217,328	153,150	161,350	72,850	85,400	94,000
Permanent Funds and Endowments:										
Expendable	10,651	8,267	7,643	5,801	7,301	7,271	6,328	6,024	8,017	11,130
Nonexpendable	1,291,071	1,087,000	1,020,225	950,976	896,872	800,132	694,564	684,953	641,802	643,148
Other Purposes	1,042,422	831,995	671,306	717,185	626,649	358,694	349,811	340,818	315,082	138,826
Unrestricted	(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	1,052,019
TOTAL NET POSITION	$ 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

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

(DOLLARS IN THOUSANDS)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$ 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	$ 1,176,181
Investments	344,755	1,827,559	549,079	392,188	378,115	254,744	281,822	160,099	273,605	253,270
Taxes Receivable, net	115,535	111,099	125,258	123,638	142,241	135,207	137,970	159,303	186,161	90,005
Other Receivables, net	770,415	601,666	490,427	640,664	430,306	408,364	381,351	330,216	302,042	282,053
Due From Other Governments	172,251	145,051	136,231	94,860	134,455	150,697	155,190	218,667	177,822	158,787
Internal Balances	(43,557)	(38,459)	(26,262)	(28,967)	(28,022)	(19,336)	(23,801)	(15,964)	(18,620)	(14,153)
Due From Component Units	28,175	16,174	23,041	18,188	11,370	23,716	18,969	18,715	19,736	14,474
Inventories	58,481	54,944	59,196	54,748	57,950	54,015	52,826	53,318	43,600	42,779
Prepaids, Advances and Deposits	41,567	29,020	31,679	28,756	28,186	37,433	24,806	24,160	18,018	19,244
Total Current Assets	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	2,022,640
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	1,562,065	284,025	241,268	457,926	499,742	429,965	352,234	372,457	409,652	353,164
Restricted Investments	72,895	106,798	95,280	167,540	246,783	303,678	292,283	293,711	98,146	239,719
Restricted Receivables	39,570	35,362	38,605	40,009	31,609	45,477	45,264	80,975	24,980	239,041
Investments	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	1,206,671
Other Long-Term Assets	109,831	130,529	129,350	129,425	129,850	99,380	128,105	114,118	122,939	119,387
Depreciable Capital Assets and Infrastructure, net	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	3,912,771
Land and Nondepreciable Capital Assets	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	1,207,048
Total Noncurrent Assets	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	7,277,801
TOTAL ASSETS	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	9,300,441
DEFERRED OUTFLOW OF RESOURCES:	931,725	1,750,279	2,332,443	649,853	348,635	118,103	551	5,005	-	7,778
LIABILITIES:										
Current Liabilities:										
Accounts Payable and Accrued Liabilities	697,916	592,545	786,944	771,248	751,169	659,085	602,571	623,458	556,294	596,926
Due To Other Governments	73,297	64,474	46,765	38,615	22,048	30,805	34,169	53,622	331,246	406,275
Due To Component Units	206	44	1,249	645	623	528	343	123	524	466
Unearned Revenue	351,010	345,734	328,261	306,222	407,108	346,264	305,108	237,530	234,662	232,371
Accrued Compensated Absences	27,340	26,203	25,381	22,761	20,960	18,117	16,609	14,942	14,579	13,035
Claims and Judgments Payable	1,581	-	-	-	-	-	-	-	-	-
Leases Payable	5,474	6,529	7,292	9,132	8,618	6,610	6,575	5,853	4,950	6,672
Notes, Bonds, and COPs Payable	196,235	154,053	146,604	267,134	251,947	244,366	233,811	243,601	79,106	100,329
Other Postemployment Benefits	-	-	-	-	-	14,076	17,052	15,721	-	-
Other Current Liabilities	323,850	191,660	134,584	139,765	125,054	127,033	142,868	110,667	141,484	126,232
Total Current Liabilities	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	1,482,306
Noncurrent Liabilities:										
Deposits Held In Custody For Others	25	20	20	20	-	-	-	-	-	-
Accrued Compensated Absences	350,352	339,007	317,070	293,365	268,600	250,148	236,329	219,026	205,621	196,295
Claims and Judgments Payable	42,390	35,505	37,361	39,657	41,460	40,982	38,993	36,472	35,373	29,461
Capital Lease Payable	31,928	41,623	42,599	47,994	45,663	35,582	35,153	33,185	43,466	76,702
Derivative Instrument Liability	14,193	6,837	9,251	13,222	9,515	8,566	8,333	12,994	6,182	7,778
Notes, Bonds, and COPs Payable	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	2,682,987
Due to Component Units	1,798	1,692	1,678	1,631	1,661	1,743	1,755	1,758	2,374	2,501
Net Pension Liability	4,237,019	7,448,575	6,934,505	3,957,073	3,579,748	-	-	-	-	-
Other Postemployment Benefits	1,015,792	938,450	343,570	289,133	241,779	181,511	177,176	139,653	105,876	47,259
Other Long-Term Liabilities	110,482	59,956	15,863	28,569	83,521	44,768	11,972	39,015	43,814	36,450
Total Noncurrent Liabilities	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	3,079,433
TOTAL LIABILITIES	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	4,561,739
DEFERRED INFLOW OF RESOURCES:	2,482,076	620,945	206,047	250,058	38,380	-	-	-	2,006	-
Net investment in Capital Assets:	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	2,854,803
Restricted for:										
Education	870,941	470,363	504,096	462,636	439,535	642,611	-	-	-	-
Unemployment Insurance	1,258,552	1,070,082	911,183	740,049	620,575	402,770	218,076	64,433	-	-
Debt Service	80,693	219,248	28,429	85,617	75,666	39,862	8,439	7,464	6,753	6,100
Emergencies	34,000	34,000	34,000	34,000	34,000	34,000	34,000	10,005	12,368	16,257
Permanent Funds and Endowments:										
Expendable	173,553	173,406	165,637	157,611	150,270	7,901	11,716	6,975	5,936	6,825
Nonexpendable	83,198	84,480	91,878	83,274	87,679	64,712	61,159	38,798	73,956	71,738
Other Purposes	118,895	65,961	65,961	101,209	88,686	56,296	631,921	629,655	657,292	630,890
Unrestricted	(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	1,159,867
TOTAL NET POSITION	$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

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

(DOLLARS IN THOUSANDS)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$ 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	$ 3,139,115
Investments	344,755	1,827,559	549,079	392,188	378,115	263,204	285,319	161,825	319,153	268,494
Taxes Receivable, net	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	947,251
Other Receivables, net	1,478,624	1,256,427	1,208,087	1,213,319	881,111	618,426	571,288	486,342	449,810	440,113
Due From Other Governments	641,191	899,961	660,471	534,913	921,724	721,418	524,439	537,127	664,477	675,035
Due From Component Units	28,194	16,192	23,195	18,535	11,505	23,770	19,088	18,852	19,798	14,558
Inventories	159,642	107,046	113,348	108,009	112,144	107,140	108,145	70,375	63,437	59,247
Prepaids, Advances and Deposits	131,938	113,297	103,726	96,224	96,103	110,458	82,271	78,121	74,561	57,835
Total Current Assets	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	5,601,648
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	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	1,926,089
Restricted Investments	1,171,438	954,385	962,852	900,202	1,007,923	961,450	890,492	884,794	1,195,943	927,033
Restricted Receivables	484,954	668,535	626,185	550,037	394,909	303,584	221,319	262,907	198,327	434,794
Investments	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	1,735,730
Other Long- Term Assets	868,375	743,778	744,282	805,234	766,110	785,729	868,840	826,854	884,437	764,254
Depreciable Capital Assets and Infrastructure, net	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	13,602,687
Land and Nondepreciable Capital Assets	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	2,844,272
Capital Assets Held as Investments	-	42,896	42,899	33,055	-	-	-	-	-	-
Total Noncurrent Assets	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	22,234,859
TOTAL ASSETS	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	27,836,507
DEFERRED OUTFLOW OF RESOURCES:	5,352,776	4,313,313	5,836,086	1,468,614	699,431	136,392	551	5,005	-	7,778
LIABILITIES:										
Current Liabilities:										
Tax Refunds Payable	927,857	918,688	886,992	856,076	669,992	718,211	718,077	661,829	625,145	664,781
Accounts Payable and Accrued Liabilities	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	1,444,476
TABOR Refund Liability (Note 2B)	431,685	39,837	21,807	31,358	173,346	706	706	706	706	706
Due To Other Governments	356,729	371,357	442,392	271,339	255,135	276,105	233,122	281,851	548,202	587,959
Due To Component Units	206	44	1,249	645	623	543	424	123	524	466
Unearned Revenue	501,522	531,411	454,568	429,991	507,575	438,938	400,134	362,704	346,168	360,775
Accrued Compensated Absences	41,437	38,961	37,246	34,283	33,145	28,587	27,564	24,801	24,320	23,322
Claims and Judgments Payable	43,879	42,812	46,369	46,343	47,682	61,623	46,873	44,858	44,641	44,181
Leases Payable	31,636	32,318	35,546	37,393	36,378	33,551	26,579	20,240	17,822	18,056
Notes, Bonds, and COPs Payable	247,100	209,568	193,594	438,969	452,922	432,276	408,151	406,271	224,271	742,774
Other Postemployment Benefits	-	-	-	-	-	14,076	17,052	15,721	-	-
Other Current Liabilities	354,870	214,497	162,262	169,290	144,106	147,012	157,702	127,198	155,232	146,664
Total Current Liabilities	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	4,034,160
Noncurrent Liabilities:										
Due to Other Funds	-									
Deposits Held In Custody For Others	609	156	136	110	139	139	17	16	14	13
Accrued Compensated Absences	517,032	501,652	475,505	447,875	418,417	396,140	374,742	351,420	342,760	334,519
Claims and Judgments Payable	210,580	216,370	297,896	315,667	341,245	342,573	362,444	366,988	375,376	376,855
Capital Lease Payable	129,366	147,707	156,498	170,398	190,232	183,637	166,159	140,227	138,182	162,448
Derivative Instrument Liability	14,193	6,837	9,251	13,222	9,515	8,566	8,333	12,994	6,182	7,778
Notes, Bonds, and COPs Payable	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	4,237,951
Due to Component Units	1,798	1,692	1,678	1,631	1,661	1,743	1,755	1,758	2,374	2,501
Net Pension Liability	13,614,376	19,382,427	17,854,108	10,252,077	9,145,274	-	-	-	-	-
Other Postemployment Benefits	1,300,056	1,210,488	343,570	289,133	241,779	181,511	177,176	139,653	105,876	47,259
Other Long- Term Liabilities	378,465	517,523	423,775	444,238	507,330	447,722	456,090	466,843	478,008	439,049
Total Noncurrent Liabilities	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	5,608,373
TOTAL LIABILITIES	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	9,642,533
DEFERRED INFLOW OF RESOURCES:	7,479,981	1,181,848	304,793	383,433	85,642	338	-	-	2,006	-
Net investment in Capital Assets:	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	12,973,424
Restricted for:										
Construction and Highway Maintenance	954,461	885,775	915,033	966,743	936,535	1,080,201	1,145,997	1,176,269	1,160,789	1,198,849
Education	1,074,589	765,831	611,108	772,593	1,206,223	1,752,791	1,265,476	280,269	485,171	194,586
Unemployment Insurance	1,258,552	1,070,082	911,183	740,049	620,575	402,770	218,076	64,433	-	-
Debt Service	184,704	311,198	108,395	153,722	132,200	84,614	41,552	28,917	16,880	10,193
Emergencies	225,245	235,166	228,369	251,328	251,328	187,150	195,350	82,855	97,768	110,257
Permanent Funds and Endowments:										
Expendable	184,204	181,673	173,280	163,412	157,571	15,172	18,044	12,999	13,953	17,955
Nonexpendable	1,374,269	1,171,480	1,112,103	1,034,250	984,551	864,844	755,723	723,751	715,758	714,886
Other Purposes	1,161,317	897,956	737,267	818,394	715,335	414,990	981,732	970,473	972,374	769,716
Unrestricted	(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	2,211,886
TOTAL NET POSITION	$ 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

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 559,093	$ 564,076	$ 541,936	$ 518,820	$ 501,319	$ 472,215	$ 447,232	$ 442,793	$ 454,633	$ 419,866
Service Fees	390,589	358,109	1,006,976	1,139,226	879,139	901,839	965,614	901,950	735,820	589,795
Fines and Forfeits	225,878	190,733	206,662	195,256	201,021	181,098	248,520	187,344	200,432	218,892
Rents and Royalties	175,085	147,310	132,310	142,752	199,067	182,893	133,901	147,946	128,588	79,518
Sales of Products	10,042	3,218	3,205	3,303	3,390	2,141	2,851	1,626	4,974	3,854
Unemployment Surcharge	34,091	34,245	32,507	30,768	29,381	28,635	25,724	19,307	18,611	19,329
Other	211,706	152,285	138,928	143,251	131,151	144,949	127,083	84,828	89,509	67,460
Operating Grants and Contributions	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	5,885,657
Capital Grants and Contributions	428,332	745,497	814,739	819,321	817,469	728,544	700,548	600,300	659,288	607,383
TOTAL PROGRAM REVENUES	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	7,891,754
EXPENSES:										
General Government	1,493,871	739,872	653,247	485,611	449,261	447,359	555,507	224,382	192,579	189,865
Business, Community, and Consumer Affairs	734,786	912,495	919,676	777,458	711,558	641,182	584,300	600,068	667,929	662,854
Education	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	5,096,032
Health and Rehabilitation	935,044	1,258,445	1,170,889	2,898,841	822,556	720,997	697,795	703,684	696,539	659,187
Justice	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	1,527,857
Natural Resources	123,036	219,659	169,528	135,491	120,374	92,383	77,934	93,900	149,878	144,445
Social Assistance	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	6,091,958
Transportation	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	2,105,688
Total Governmental Activities										
Interest on Debt	109,075	60,778	58,764	62,021	59,078	53,094	16,284	40,935	32,487	33,203
TOTAL EXPENSES	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	16,511,089
NET (EXPENSE) REVENUE	(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)	(8,619,335)
GENERAL REVENUES AND										
OTHER CHANGES IN NET POSITION:										
Sales and Use Taxes	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	1,987,576
Excise Taxes	301,292	311,625	321,419	290,276	267,858	236,761	240,895	244,624	236,945	244,344
Individual Income Tax	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	3,770,597
Corporate Income Tax	963,380	714,313	432,802	643,761	613,316	600,002	606,883	434,885	441,778	360,852
Other Taxes	705,986	577,961	452,042	410,277	673,275	617,612	453,305	519,870	466,408	376,388
Restricted Taxes	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	873,287
Unrestricted Investment Earnings (Losses)	30,196	21,798	16,987	15,705	11,992	17,312	16,842	15,015	6,523	10,215
Other General Revenues	95,051	199,934	103,476	107,005	96,613	112,958	97,402	96,213	91,608	112,138
(Transfers- Out) / Transfers- In	(279,131)	(254,324)	(353,647)	(352,733)	(256,738)	(172,442)	(128,535)	(135,407)	(110,266)	(94,993)
Internal Capital Contributions	-	44	-	(1,583)	-	-	-	-	-	-
Permanent Fund Additions	1,062	277	766	80	401	397	741	595	460	357
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	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	7,640,761
TOTAL CHANGES IN NET POSITION	860,703	(1,424,974)	(1,973,901)	(265,675)	241,258	700,563	772,711	451,005	(77,134)	(978,574)
NET POSITION, FISCAL YEAR BEGINNING (as restated)	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	14,433,846
NET POSITION - ENDING	$ 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

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
PROGRAM REVENUES:										
Licenses and Permits	$ 179,382	$ 168,045	$ 165,182	$ 159,704	$ 157,971	$ 141,770	$ 133,315	$ 131,496	$ 120,910	$ 106,946
Service Fees	2,712,042	2,449,817	1,404,677	1,297,576	1,145,897	1,068,966	958,451	865,326	874,990	607,485
Education - Tuition, Fees, and Sales	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	1,999,358
Fines and Forfeits	3,493	4,630	5,769	4,101	3,968	15,470	12,860	9,561	1,945	2,836
Rents and Royalties	52,866	74,482	45,177	40,077	41,944	39,675	47,881	65,236	29,507	24,648
Sales of Products	747,732	686,196	622,179	661,084	605,101	607,744	636,115	624,407	592,794	590,758
Unemployment Surcharge	546,650	562,095	646,336	603,708	698,609	736,985	725,854	828,530	791,317	491,716
Other	207,087	164,008	188,112	165,237	155,707	154,424	159,162	152,448	153,321	167,930
Operating Grants and Contributions	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	3,957,310
Capital Grants and Contributions	62,609	89,542	43,873	42,996	78,304	56,899	96,655	132,067	25,432	24,619
TOTAL PROGRAM REVENUES	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	7,973,606
EXPENSES:										
Higher Education	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	4,451,541
Healthcare Affordability	3,414,018	3,294,611	-	-	-	-	-	-	-	-
Unemployment Insurance	385,192	444,181	518,891	531,607	530,130	756,484	1,055,148	1,571,321	2,141,728	2,496,188
CollegeInvest	-	-	-	-	-	-	-	-	-	68,650
Lottery	580,808	547,805	494,110	517,847	474,578	477,434	501,010	495,847	470,480	456,352
Parks and Wildlife	184,870	294,065	257,959	203,794	191,426	170,898	177,497	160,933	108,425	105,037
College Assist	222,726	247,361	315,478	320,774	338,631	341,684	407,229	403,023	402,648	410,027
Other Business-Type Activities	212,190	301,094	219,844	282,471	217,838	209,871	187,265	196,542	191,123	170,410
TOTAL EXPENSES	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	8,158,205
NET (EXPENSE) REVENUE	1,005,079	(1,054,874)	(718,064)	126,218	293,585	488,229	426,024	485,338	453,294	(184,599)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Other Taxes	-	-	-	-	7	-	-	-	-	-
Special and/or Extraordinary Items	-	-	(808)	-	-	(22,186)	-	-	1,493	(79,575)
(Transfers-Out) / Transfers-In	279,131	254,324	353,647	352,733	256,738	172,442	128,535	135,407	110,266	94,993
Internal Capital Contributions	57,541	51,439	-	10,183	-	-	-	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	336,672	305,763	352,839	362,916	256,745	150,256	128,535	135,407	111,759	15,418
TOTAL CHANGES IN NET POSITION	1,341,751	(749,111)	(365,225)	489,134	550,330	638,485	554,559	620,745	565,053	(169,181)
NET POSITION, FISCAL YEAR BEGINNING (as restated)	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	4,915,661
NET POSITION - ENDING	$ 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

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 738,475	$ 732,121	$ 707,118	$ 678,524	$ 659,290	$ 613,985	$ 580,547	$ 574,289	$ 575,543	$ 526,812
Service Fees	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	1,197,280
Education - Tuition, Fees, and Sales	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	1,999,358
Fines and Forfeits	229,371	195,363	212,431	199,357	204,989	196,568	261,380	196,905	202,377	221,728
Rents and Royalties	227,951	221,792	177,487	182,829	241,011	222,568	181,782	213,182	158,095	104,166
Sales of Products	757,774	689,414	625,384	664,387	608,491	609,885	638,966	626,033	597,768	594,612
Unemployment Surcharge	580,741	596,340	678,843	634,476	727,990	765,620	751,578	847,837	809,928	511,045
Other	418,793	316,293	327,040	308,488	286,858	299,373	286,245	237,276	242,830	235,390
Operating Grants and Contributions	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	9,842,967
Capital Grants and Contributions	490,941	835,039	858,612	862,317	895,773	785,443	797,203	732,367	684,720	632,002
TOTAL PROGRAM REVENUES	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	15,865,360
EXPENSES:										
General Government	1,493,871	739,872	653,247	485,611	449,261	447,359	555,507	224,382	192,579	189,865
Business, Community, and Consumer Affairs	734,786	912,495	919,676	777,458	711,558	641,182	584,300	600,068	667,929	662,854
Education	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	5,096,032
Health and Rehabilitation	935,044	1,258,445	1,170,889	2,898,841	822,556	720,997	697,795	703,684	696,539	659,187
Justice	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	1,527,857
Natural Resources	123,036	219,659	169,528	135,491	120,374	92,383	77,934	93,900	149,878	144,445
Social Assistance	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	6,091,958
Transportation	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	2,105,688
Interest on Debt	109,075	60,778	58,764	62,021	59,078	53,094	16,284	40,935	32,487	33,203
Higher Education	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	4,451,541
Healthcare Affordability	3,414,018	3,294,611	-	-	-	-	-	-	-	-
Unemployment Insurance	385,192	444,181	518,891	531,607	530,130	756,484	1,055,148	1,571,321	2,141,728	2,496,188
CollegeInvest	-	-	-	-	-	-	-	-	-	68,650
Lottery	580,808	547,805	494,110	517,847	474,578	477,434	501,010	495,847	470,480	456,352
Parks and Wildlife	184,870	294,065	257,959	203,794	191,426	170,898	177,497	160,933	108,425	105,037
College Assist	222,726	247,361	315,478	320,774	338,631	341,684	407,229	403,023	402,648	410,027
Other Business-Type Activities	212,190	301,094	219,844	282,471	217,838	209,871	187,265	196,542	191,123	170,410
TOTAL EXPENSES	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	24,669,294
NET (EXPENSE) REVENUE	(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)	(8,803,934)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Sales and Use Taxes	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	1,987,576
Excise Taxes	301,292	311,625	321,419	290,276	267,858	236,761	240,895	244,624	236,945	244,344
Individual Income Tax	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	3,770,597
Corporate Income Tax	963,380	714,313	432,802	643,761	613,316	600,002	606,883	434,885	441,778	360,852
Other Taxes	705,986	577,961	452,042	410,277	673,282	617,612	453,305	519,870	466,408	376,388
Restricted Taxes	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	873,287
Unrestricted Investment Earnings (Losses)	30,196	21,798	16,987	15,705	11,992	17,312	16,842	15,015	6,523	10,215
Other General Revenues	95,051	199,934	103,476	107,005	96,613	112,958	97,402	96,213	91,608	112,138
Special and/or Extraordinary Items	-	-	(808)	-	-	(22,186)	0	0	1,493	(79,575)
Internal Capital Contributions	57,541	51,483	-	8,600	-	-	-	-	-	-
Permanent Fund Additions	1,062	277	766	80	401	397	741	595	460	357
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	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	7,656,179
TOTAL CHANGES IN NET POSITION	2,202,454	(2,174,085)	(2,339,126)	223,459	791,588	1,339,048	1,327,270	1,071,750	487,919	(1,147,755)
NET POSITION, FISCAL YEAR BEGINNING (as restated)	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	19,349,507
NET POSITION - ENDING	$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

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

(DOLLARS IN MILLIONS)

		(restated)		(restated)						
	2019	2018	2017	2016	2015	2014	2013	2012	2011[1]	2010
REVENUES:										
Taxes	$ 14,199	$ 13,389	$ 11,835	$ 11,471	$ 11,205	$ 10,596	$ 10,018	$ 9,182	$ 8,430	$ 7,640
Less: Excess TABOR Revenues	-	-	-	-	170	-	-	-	-	-
Licenses, Permits, and Fines	869	940	838	810	801	758	789	724	745	734
Charges for Goods and Services	403	363	1,012	1,144	885	905	970	892	730	552
Rents	175	147	132	143	199	183	134	148	129	80
Investment Income	352	41	46	139	99	115	19	120	97	199
Federal Grants and Contracts	6,680	7,047	8,685	9,047	8,283	7,183	6,428	6,223	6,917	7,023
Unclaimed Property Receipts	47	78	64	65	61	53	37	43	40	42
Other	426	397	338	321	329	365	263	254	221	192
TOTAL REVENUES	23,151	22,402	22,950	23,140	22,032	20,158	18,658	17,586	17,309	16,462
EXPENDITURES:										
Current:										
General Government	377	381	344	324	305	331	325	359	560	775
Business, Community and Consumer Affairs	493	480	453	474	469	395	375	363	388	369
Education	911	832	869	852	785	730	674	661	778	855
Health and Rehabilitation	846	778	770	1,784	699	658	641	626	592	583
Justice	1,971	1,808	1,705	1,741	1,648	1,605	1,422	1,322	1,314	1,315
Natural Resources	129	128	113	107	103	107	99	90	132	126
Social Assistance	7,539	7,572	9,358	8,726	8,627	7,416	6,488	6,065	5,655	4,454
Transportation	1,298	1,348	1,364	1,331	1,282	1,203	1,065	982	1,064	1,017
Capital Outlay	265	272	189	191	325	298	299	459	329	240
Intergovernmental:										
Cities	503	471	491	425	421	412	297	287	300	281
Counties	1,916	1,759	1,740	1,656	1,627	1,573	1,504	1,371	1,478	2,253
School Districts	5,594	5,171	5,122	4,995	4,909	4,475	4,235	4,199	4,303	4,364
Other	410	244	255	227	205	202	323	177	185	219
Debt Service	179	128	239	280	270	261	247	236	208	194
TOTAL EXPENDITURES	22,431	21,372	23,012	23,113	21,675	19,666	17,994	17,197	17,286	17,045
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	720	1,030	(62)	27	357	492	664	389	23	(583)
OTHER FINANCING SOURCES (USES)										
Transfers- In	1,813	5,447	5,851	4,915	4,535	5,405	5,750	4,622	4,776	5,333
Transfers- Out:										
Higher Education	(376)	(230)	(230)	(181)	(181)	(143)	(135)	(133)	(135)	(125)
Other	(1,711)	(5,458)	(5,966)	(5,079)	(4,607)	(5,390)	(5,728)	(4,612)	(4,731)	(5,264)
Face Amount of Debt Issued	740	156	129	11	-	97	196	156	218	559
Bond Premium/Discount	57	21	14	-	-	6	9	13	-	8
Capital Lease Debt Issuance	1	4	1	-	-	25	1	17	17	-
Sale of Capital Assets	24	10	15	7	3	27	31	14	-	-
Insurance Recoveries	2	7	8	5	13	2	1	6	2	4
Debt Refunding Issuance	-	-	-	-	-	112	31	126	-	-
Debt Refunding Premium Proceeds	-	-	-	-	-	-	-	19		
Debt Refunding Payments	-	-	-	-	-	-	(31)	(144)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	550	(43)	(178)	(322)	(237)	141	125	84	147	515
NET CHANGE IN FUND BALANCE	1,270	987	(240)	(295)	120	633	789	473	170	(68)
FUND BALANCE, FISCAL YEAR BEGINNING (as restated)	7,309	6,362	6,604	6,905	6,727	6,101	5,311	4,820	4,672	4,744
FUND BALANCE - ENDING	$ 8,579	$ 7,349	$ 6,364	$ 6,610	$ 6,847	$ 6,734	$ 6,100	$ 5,293	$ 4,842	$ 4,676

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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Income Tax:										
Individual	$ 7,328	$ 7,006	$ 6,209	$ 5,993	$ 5,888	$ 5,273	$ 5,149	$ 4,633	$ 4,154	$ 3,777
Corporate	856	736	467	606	635	665	597	457	366	350
Net Income Tax	8,184	7,742	$ 6,676	6,599	6,523	5,938	5,746	5,090	4,520	4,127
Sales, Use, and Excise Taxes	3,695	3,501	3,188	2,996	2,990	2,763	2,549	2,387	2,323	2,072
Less: Excess TABOR Revenues	-	-	-	-	(170)	-	-	-	-	-
Net Sales, Use, and Excise Taxes	3,695	3,501	3,188	2,996	2,820	2,763	2,549	2,387	2,323	2,072
Insurance Tax	315	304	291	280	257	239	210	197	190	187
Gaming and Other Taxes	53	156	-	16	14	12	12	20	20	16
Investment Income	27	20	15	13	9	15	17	14	8	10
Severence Taxes to be Refunded	-	-	54	-	-	-	-	-	-	-
Other	-	-	40	26	19	25	21	26	25	44
TOTAL GENERAL REVENUES	$ 12,274	$ 11,723	$ 10,264	$ 9,930	$ 9,642	$ 8,992	$ 8,555	$ 7,734	$ 7,086	$ 6,456
Percent Change From Previous Year	4.7%	14.2%	3.4%	3.0%	7.2%	5.1%	10.6%	9.1%	9.8%	- 1.1%
(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)										
Net Income Tax	66.7%	66.0%	65.0%	66.5%	66.5%	66.0%	67.2%	65.8%	63.8%	63.9%
Sales, Use, and Excise Taxes	30.1	29.9	31.2	30.1	30.5	30.7	29.8	30.9	32.7	32.1
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	2.8	2.8	2.6	2.7	2.5	2.5	2.7	2.9
Other Taxes	0.4	1.3	0.0	0.2	0.1	0.1	0.1	0.3	0.3	0.2
Interest	0.2	0.2	0.1	0.1	0.1	0.2	0.2	0.2	0.1	0.2
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	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.4	0.3	0.2	0.3	0.2	0.3	0.4	0.7
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 AND TRANSFERS
FUNDED BY GENERAL PURPOSE REVENUES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Department:[1]										
Agriculture	$ 11,346	$ 10,428	$ 10,639	$ 10,050	$ 8,633	$ 7,697	$ 6,975	$ 5,152	$ 4,658	$ 5,915
Corrections	837,497	773,788	748,559	758,545	717,579	675,706	652,394	647,313	657,559	563,570
Education	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	3,238,879
Governor	42,375	36,283	39,615	34,609	30,267	22,819	18,555	9,699	11,600	13,781
Health Care Policy and Financing	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	1,152,245
Higher Education	1,001,121	894,450	870,664	856,849	761,306	658,901	628,565	623,963	705,085	428,784
Human Services	1,055,818	984,291	918,130	936,071	877,162	812,603	753,225	703,676	710,966	751,149
Judicial Branch	561,799	514,874	487,636	481,550	441,700	386,870	354,119	337,039	325,173	323,146
Labor and Employment	20,539	21,302	21,579	7,754	660	50	-	-	-	-
Law	16,396	15,722	14,774	14,525	13,457	12,127	10,355	9,341	9,313	9,133
Legislative Branch	51,082	48,202	44,880	43,410	41,132	38,712	35,957	34,672	31,736	32,504
Local Affairs	37,125	29,184	25,235	25,481	22,244	17,540	10,976	10,448	10,579	10,854
Military and Veterans Affairs	10,983	30,814	8,253	7,907	7,792	7,094	6,576	5,355	4,969	5,263
Natural Resources	32,307	30,882	28,711	27,519	26,216	25,141	23,620	23,400	26,233	25,515
Personnel & Administration	13,971	12,088	12,273	11,034	7,601	31,407	6,588	3,935	4,823	5,139
Public Health and Environment	53,492	46,506	48,448	49,964	59,383	53,588	31,199	27,742	27,165	26,548
Public Safety	185,018	124,204	122,404	113,976	126,747	165,240	85,595	81,993	80,239	79,459
Regulatory Agencies	6,224	5,964	5,742	6,073	6,007	1,730	1,674	1,597	1,529	1,429
Revenue	260,583	250,438	90,957	149,361	97,249	73,626	55,078	55,596	52,540	54,187
Transportation	-	-	392	102	-	-	-	-	-	-
Treasury	774,821	190,457	15,908	12,522	5,684	108,870	27,650	4,914	4,140	7,784
Transfer to Capital Construction Fund	90,382	92,084	84,484	271,130	248,502	186,715	61,411	49,298	11,985	169
Transfer to Various Cash Funds	814,200	674,900	194,735	90,196	67,555	260,272	1,086,051	72,000	296,872	8,000
Transfer to the Highway Users Tax Fund	-	-	79,000	199,200	-	-	-	-	-	-
Other Transfers and Nonoperating Disbursements	278,999	181,151	153,379	143,492	127,795	126,263	262,406	25,479	19,422	20,555
TOTALS	$ 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	$ 6,764,008
Percent Change	12.1%	14.7%	0.8%	9.1%	4.5%	-0.4%	23.6%	0.3%	6.9%	-8.8%
(AS PERCENT OF TOTAL)										
Education	31.2%	34.6%	36.7%	34.2%	36.0%	35.3%	33.6%	39.1%	41.0%	47.9%
Health Care Policy and Financing	22.2	23.2	24.1	24.0	24.4	23.5	20.4	23.2	17.5	17.0
Higher Education	7.6	7.6	8.5	8.4	8.2	7.4	7.0	8.6	9.8	6.3
Human Services	8.0	8.4	8.9	9.2	9.4	9.1	8.4	9.7	9.8	11.1
Corrections	6.3	6.6	7.3	7.5	7.7	7.6	7.3	8.9	9.1	8.3
Transfer to Capital Construction Fund	0.7	0.8	0.8	2.7	2.7	2.1	0.7	0.7	0.2	0.0
Transfer to Various Cash Funds	6.2	5.7	1.9	0.9	0.7	2.9	12.1	1.0	4.1	0.1
Transfers to the Highway Users Tax Fund	0.0	0.0	0.8	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Judicial	4.3	4.4	4.8	4.7	4.7	4.3	4.0	4.6	4.5	4.8
Revenue	2.0	2.1	0.9	1.5	1.0	0.8	0.6	0.8	0.7	0.8
All Others	11.5	6.6	5.3	4.9	5.2	7.0	5.9	3.4	3.3	3.7
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
GENERAL FUND AND ALL OTHER GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years
(DOLLARS IN THOUSANDS)

	2019	2018	2017	2016	2015	2014	2013	2012	2011[1]	2010
Reserved for:										
Encumbrances	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,721
Risk Management	-	-	-	-	-	-	-	-	-	23,031
Unreserved Undesignated:										
General Fund	-	-	-	-	-	-	-	-	-	(30,822)
Unreserved:										
Designated for Unrealized Investment Gains:										
General Fund	-	-	-	-	-	-	-	-	-	17,854
Nonspendable:										
Inventories	9,944	7,975	8,503	7,522	8,894	8,721	9,931	6,942	8,742	-
Prepaids	38,547	38,173	39,348	37,977	40,971	38,535	22,654	24,175	33,009	-
Restricted	814,658	626,068	442,249	497,814	398,948	468,758	487,161	503,449	542,997	-
Committed	1,114,406	970,235	646,700	513,986	705,844	411,362	279,352	331,419	39,458	-
Assigned	33,264	29,641	17,218	19,283	20,731	7,651	7	20	109	-
Unassigned	52,088	334,660	-	-	-	-	-	359,421	(21,468)	-
TOTAL FUND BALANCE	2,062,907	2,006,752	1,154,018	1,076,582	1,175,388	935,027	799,105	1,225,426	602,847	15,784
ALL OTHER GOVERNMENTAL FUNDS:										
Reserved for:										
Encumbrances	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,052,572
Noncurrent Assets	-	-	-	-	-	-	-	-	-	584,828
Debt Service	-	-	-	-	-	-	-	-	-	4,093
Statutory Purposes	-	-	-	-	-	-	-	-	-	325,463
Emergencies	-	-	-	-	-	-	-	-	-	94,000
Funds Reported as Restricted	-	-	-	-	-	-	-	-	-	1,151,448
Unreserved, Reported in:										
Special Revenue Funds	-	-	-	-	-	-	-	-	-	57,148
Capital Projects Funds	-	-	-	-	-	-	-	-	-	(35,611)
Nonmajor Special Revenue Funds	-	-	-	-	-	-	-	-	-	1,302,178
Nonmajor Permanent Funds	-	-	-	-	-	-	-	-	-	10,586
Unreserved:										
Designated for Unrealized Investment Gains:										
Reported in Major Funds	-	-	-	-	-	-	-	-	-	34,487
Reported in Nonmajor Special Revenue Funds	-	-	-	-	-	-	-	-	-	40,778
Reported in Nonmajor Permanent Funds	-	-	-	-	-	-	-	-	-	38,541
Nonspendable:										
Long-term Portion of Interfund Loans Receivable	13	12	-	19,171	-	-	-	-	-	-
Inventories	90,323	43,452	44,779	45,026	44,436	43,681	44,262	8,690	9,839	-
Permanent Fund Principal	1,274,846	1,186,138	1,122,480	1,043,619	971,676	868,383	760,160	737,239	658,883	-
Prepaids	43,041	42,116	27,686	25,298	25,849	29,365	32,697	28,665	21,540	-
Restricted	1,464,302	1,398,241	1,336,625	1,582,619	1,942,973	2,546,717	2,783,009	1,673,490	1,988,088	-
Committed	3,643,477	2,672,653	2,677,915	2,817,110	2,686,468	2,310,902	1,680,986	1,619,397	1,560,775	-
TOTAL FUND BALANCE	6,516,002	5,342,612	5,209,485	5,532,843	5,671,402	5,799,048	5,301,114	4,067,481	4,239,125	4,660,511
TOTAL FUND BALANCE	$ 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	$ 4,676,295

1 - The implementation of Governmental Accounting Standards Board Statement No. 54 in Fiscal Year 2011 resulted in a significant change in the State's fund balance classifications.

TABOR REVENUES, EXPENDITURES, FISCAL YEAR SPENDING LIMITATIONS, AND REFUNDS
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)	2019	2018	(restated) 2017	(restated) 2016	(restated) 2015	(restated) 2014	2013	2012	2011	2010
DISTRICT REVENUES:										
Exempt District Revenues	$ 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	$ 16,056,039
Nonexempt District Revenues	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	8,567,941
TOTAL DISTRICT REVENUES	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	24,623,980
Percent Change In Nonexempt District Revenues	7.8%	6.4%	0.5%	2.3%	7.2%	5.3%	8.1%	9.0%	10.0%	-5.9%
DISTRICT EXPENDITURES:										
Exempt District Expenditures	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	16,056,039
Nonexempt District Expenditures	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	8,638,571
TOTAL DISTRICT EXPENDITURES	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	24,694,610
Percent Change In Nonexempt District Expenditures	1.2%	-3.0%	1.3%	6.9%	11.1%	7.3%	4.8%	4.9%	8.0%	-15.0%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ 1,786,668	$ 868,010	$ (359,780)	$ (252,049)	$ 293,019	$ 675,317	$ 843,369	$ 481,568	$ 93,872	$ (70,630)
FISCAL YEAR SPENDING LIMIT										
Prior Fiscal Year Spending Limitation	$ 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	$ 9,102,354
Adjustments To Prior Year Limit[1]	0	(24,108)	10,480	(45,595)	(962)	(152)	(27,952)	(26,982)	(16,368)	(422,016)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	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	8,680,338
Allowable Growth Rate (Population Plus Inflation)	4.8%	4.5%	3.1%	4.4%	4.3%	3.3%	5.4%	2.0%	1.2%	5.8%
Current Fiscal Year Spending Limitation	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	9,183,797
Adjustments To Current Year Limit	-	-	-	59,276	0	14,111	1,987	-	-	-
ADJUSTED CURRENT YEAR FISCAL 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	9,183,797
EXCESS STATE REVENUE CAP (ESRC)[2]	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	14,788,420	13,720,881	12,891,657	12,824,408	12,530,772	11,691,905	11,107,341	10,273,184	9,424,764	8,567,941
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	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	(615,856)
Amount Over(Under) Excess State Revenue Cap	428,336	18,510	(436,154)	(122,091)	169,740	(160,478)	(352,901)	(598,242)	(1,260,092)	
Correction Of Prior Years' Refunds	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)

	2019	2018	2017	2016	2015	(restated) 2014	2013	2012	(restated) 2011	2010
DEBT SERVICE EXPENDITURES:										
Principal	$ 85,722	$ 62,203	$ 177,925	$ 210,390	$ 194,818	$ 184,106	$ 163,939	$ 150,690	$ 124,993	$ 116,083
Interest	94,654	65,566	60,781	69,729	74,689	77,005	82,660	85,586	82,829	77,919
TOTAL DEBT SERVICE EXPENDITURES	$ 180,376	$ 127,769	$ 238,706	$ 280,119	$ 269,507	$ 261,111	$ 246,599	$ 236,276	$ 207,822	$ 194,002
Percent Change Over Previous Year	41.2%	-46.5%	-14.8%	3.9%	3.2%	5.9%	4.4%	13.7%	7.1%	2.9%
TOTAL NONCAPITAL EXPENDITURES	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	16,566,769
TOTAL CAPITAL EXPENDITURES	1,036,687	1,079,152	1,222,662	1,078,383	1,194,596	664,762	653,157	726,501	631,546	478,179
TOTAL GOVERNMENTAL EXPENDITURES	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	17,044,948
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:										
Principal	0.4%	0.3%	0.8%	1.0%	1.0%	1.0%	0.9%	0.9%	0.8%	0.7%
Interest	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.5%	0.5%	0.5%	0.5%
Total Debt Service Expenditures	0.8%	0.6%	1.1%	1.3%	1.3%	1.4%	1.4%	1.4%	1.2%	1.2%

TOTAL OUTSTANDING DEBT[1,2,4]
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)	2019	(restated) 2018	(restated) 2017	(restated) 2016	(restated) 2015	(restated) 2014	(restated) 2013	(restated) 2012	(restated) 2011	(restated) 2010
Governmental Activities:										
Revenue Backed Debt	$ -	$ -	$ -	$ 127,925	$ 289,789	$ 443,881	$ 574,147	$ 739,138	$ 869,282	$ 992,436
Certificates of Participation	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	689,973
Capital Leases	123,600	131,873	142,153	150,665	172,329	174,996	151,010	121,429	107,588	97,130
Notes and Mortgages	6,805	8,979	11,115	13,205	15,250	17,385	19,220	19,369	-	515,000
TOTAL GOVERNMENTAL OUTSTANDING DEBT	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	2,294,539
Business-Type Activities:										
Revenue Backed Debt	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	2,306,693
Certificates of Participation	433,021	461,461	346,769	372,661	399,231	403,761	403,603	420,951	430,537	432,698
Capital Leases	37,402	48,152	49,891	57,126	54,281	42,192	41,728	39,038	48,416	83,374
Notes and Mortgages	67,985	60,047	61,396	53,968	28,317	4,810	3,522	7,353	3,503	43,925
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	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	2,866,690
Total Primary Government:										
Revenue Backed Debt	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	3,299,129
Certificates of Participation	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	1,122,671
Capital Leases	161,002	180,025	192,044	207,791	226,610	217,188	192,738	160,467	156,004	180,504
Notes and Mortgages	74,790	69,026	72,511	67,173	43,567	22,195	22,742	26,722	3,503	558,925
TOTAL OUTSTANDING DEBT[1]	$ 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	$ 5,161,229
Percent Change Over Previous Year	7.9%	6.9%	0.1%	-2.0%	1.7%	3.5%	-0.1%	19.5%	-0.8%	-13.6%
Colorado Population (In Thousands) Restated for Census	5,772	5,696	5,616	5,541	5,452	5,351	5,271	5,186	5,118	5,049
Per Capita Debt (Dollars Per Person) Restated for Census	$1,260	$1,183	$1,123	$1,137	$1,179	$1,181	$1,159	$1,180	$1,000	$1,022
Per Capita Income (Thousands Per Person)	$59.0	$56.8	$54.6	$52.3	$52.1	$50.7	$47.2	$45.6	$43.0	$39.9
Per Capita Debt as a Percent of Per Capita Income	2.1%	2.1%	2.1%	2.2%	2.3%	2.3%	2.5%	2.6%	2.3%	2.6%

1 - General Obligation Debt is prohibited by the State Constitution except to fund buildings for state use, to defend the state or the U.S. (in time of war), or to provide for unforseen revenue deficiencies.

2 - Colorado State Constitution requires multi-years obligations to be approved by voters therefore there is no specific legal debt limitation.

3 - Decline was related to the CollegeInvest sale and retirement of bonds previously issued to support purchase and origination of student loans.

4 - Beginning in Fiscal Year 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: Principal	Interest	Total	Coverage
Governmental Funds: Transportation Revenue Anticipation Notes (TRANs)							
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
2010	1,104,185	936,194	167,991	113,300	54,691	167,991	1.00
Enterprise Funds (Excluding Higher Education): State Fair, CollegeInvest, Statewide Bridge Enterprise, and Unemployment Insurance [2]							
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
2010	200,753	34,107	166,646	24,000	17,126	41,126	4.05
Higher Education Institutions							
2019	$ 2,419,413	$ 685,793	$ 1,733,620	$ 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
2010	947,626	477,126	470,500	46,650	85,723	132,373	3.55

[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	Employment (000)	Unemploy-ment %
2019 est	5,772	1.75%	$ 340.3	$ 58,954	105.8%	3,101	2.8%
Revised 2018	5,696	1.74	323.8	56,846	105.8	2,995	3.3
Revised 2017	5,616	1.73	306.4	54,561	105.4	2,911	2.7
Revised 2016	5,541	1.71	289.6	52,269	104.7	2,803	3.2
Revised 2015	5,452	1.70	284.1	52,116	106.3	2,720	3.9
Revised 2014	5,351	1.68	271.1	50,662	107.6	2,662	5.0
Revised 2013	5,271	1.67	249.0	47,236	105.3	2,578	6.9
Revised 2012	5,186	1.65	236.7	45,637	102.3	2,540	7.9
Revised 2011	5,118	1.64	219.9	42,955	101.0	2,507	8.4
Revised 2010	5,049	1.63	201.6	39,926	99.0	2,486	8.7

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	2019 est	Revised 2018 est	Revised 2017	Revised 2016	Revised 2015	Revised 2014	Revised 2013	Revised 2012	Revised 2011	Revised 2010
Natural Resources and Mining	30.8	29.4	25.7	23.7	30.7	34.1	30.6	30.3	27.9	24.4
Construction	176.8	171.8	163.6	155.3	148.8	142.2	127.5	115.8	112.5	115.1
Manufacturing	148.4	146.7	144.0	142.7	141.0	136.6	132.8	130.9	128.1	124.2
Transportation, Trade, and Utilities	479.2	470.5	460.3	454.1	445.8	432.8	420.2	409.7	401.8	397.6
Information	76.0	74.6	71.7	71.9	70.7	70.3	69.8	69.8	71.4	72.0
Financial Activities	171.7	170.0	167.5	163.8	159.0	153.9	151.0	146.7	143.9	144.3
Professional and Business Services	437.6	426.3	413.2	405.7	398.4	386.5	372.6	356.9	341.5	330.8
Educational and Health Services	346.7	340.2	333.5	325.7	313.2	298.0	285.9	281.8	272.9	263.9
Leisure and Hospitality	348.0	340.5	333.4	323.6	312.8	300.4	289.4	279.7	271.4	263.0
Other Services	111.4	110.1	108.7	107.3	104.2	100.9	97.7	96.0	93.7	92.4
Government	450.2	443.5	436.9	428.7	417.1	408.5	403.7	394.9	392.9	393.8
Total	2,776.8	2,723.6	2,658.5	2,602.5	2,541.7	2,464.2	2,381.2	2,312.5	2,258.0	2,221.5

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
2019 est	$ 11,532	$ 7,300	$ 2,800	$ 21,632
Revised 2018 est	10,703	6,950	3,500	21,153
Revised 2017	10,599	6,671	3,069	20,339
Revised 2016	10,068	5,927	2,587	18,582
Revised 2015	8,597	4,802	2,952	16,351
Revised 2014	7,563	4,307	2,367	14,237
2013	7,089	3,610	3,680	14,379
2012	5,368	3,675	3,329	12,372
2011	3,363	3,932	2,289	9,584
2010	2,903	2,967	2,214	8,084

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
2019 est	$ 101.90	$ 8.06
Revised 2018 est	96.70	8.04
Revised 2017	91.70	8.08
Revised 2016	87.20	7.50
2015	83.40	8.80
Revised 2014	79.50	9.09
2013	74.10	8.55
Revised 2012	70.70	8.35
Revised 2011	66.70	8.49
Revised 2010	62.30	7.10

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]

	2019	Restated 2018	Restated 2017	Restated 2016	Restated 2015
GOVERNMENTAL ACTIVITIES:					
General Government:					
Funds	883	874	848	815	719
Employees (calculated Average Employment)	78,213	76,578	74,252	72,483	72,369
Balance in Treasury Pool (in millions)	$9,055.2	$7,763.2	$6,852.0	$7,413.7	$7,683.2
Business, Community, and Consumer Affairs:					
Professional Licenses at Regulatory Agencies	865,914	853,163	829,350	813,639	789,643
Unemployment Rate (percent) [4]	2.8	3.3	2.7	3.2	3.9
Employment Level	3,101,412	2,994,752	2,911,079	2,803,436	2,719,500
Education:					
Public Schools	1,861	1,889	1,833	1,853	1,836
Primary School Students	Not available	911,536	910,280	905,018	899,112
Health and Rehabilitation:					
Average Daily Population of Mental Health Institutes [3]	595	581	543	545	545
Average Daily Population of Regional Centers [3]	246	261	260	266	272
Justice:					
District Court Cases Filed [3]	216,437	218,413	225,438	216,970	231,188
County Court Cases Filed [3]	Not available	412,714	425,947	430,398	446,255
Inmate Admissions	Not available	9,972	8,851	9,912	9,912
Inmate Releases	Not available	9,947	9,844	10,269	10,269
Average Daily Inmate Population	Not available	20,003	20,000	20,179	20,678
Citations Issued by the State Patrol	136,086	138,772	141,949	145,181	140,943
Crashes Covered by the State Patrol	29,767	28,964	30,264	30,542	29,572
Natural Resources:					
Active Oil and Gas Wells [3]	55,000	54,400	54,600	52,600	52,300
Oil and Gas Drilling Permits [3]	6,200	4,460	4,620	3,725	4,333
Annual State Park Visitors [3]	14,300,000	14,400,000	14,800,000	12,300,000	11,699,543
Water Loans	326	318	328	312	294
Social Assistance:					
Medicaid Recipients [3]	1,350,445	1,420,267	1,385,945	1,289,795	1,003,612
Average Cash Assistance Payments per Month [3]	Not available	Not available	Not available	Not available	63,646
Transportation:					
Lane Miles	Not available	23,026,130	23,053,073	22,984,731	23,018,184
Bridges	3,461	3,451	3,455	3,427	3,439
BUSINESS-TYPE ACTIVITIES:					
Higher-Education:					
Resident Students [3]	147,705	146,138	142,180	145,769	150,073
Nonresident Students [3]	37,952	32,884	32,884	30,869	29,305
Unemployment Insurance:					
Individuals Served - Employment and Training [3]	366,130	360,911	425,253	469,274	553,258
Initial Unemployment Claims [3]	101,599	107,471	129,887	152,658	157,161
Lottery:					
Scratch Tickets Sold	85,738,142	83,746,578	84,041,528	87,433,955	89,637,387
Lotto Tickets Sold	28,034,842	28,462,945	30,609,106	27,422,320	29,837,628
Powerball Tickets Sold	35,073,981	36,013,750	29,860,519	47,427,269	29,581,783
Other Lottery Tickets Sold	67,466,124	56,312,662	54,533,766	29,682,863	50,521,072
Wildlife:					
Hunting & Fishing Licenses Sold [3]	1,700,000	1,700,000	1,700,000	1,600,000	2,300,000
College Assist:					
Guaranteed Loans - In State	-	-	-	-	-
Guaranteed Loans - Out of State	-	-	-	-	-

*Data not available.

[1]All amounts are counts except where dollars or percentages are indicated.

[2]Data presented by either fiscal year or calendar year based on availability of information.

[3]Data represents estimates from budgetary documents and is not adjusted to actuals.

[4]Data represents annual averages of monthly estimates from Department of Labor and Employment statistical information and is not adjusted to actuals.

Source: JBC Budget in Brief and Various State Agencies' Self-Reported Statistical Information.

Restated 2014	Restated 2013	Restated 2012	Restated 2011	Restated 2010
638	634	626	616	601
70,823	68,898	67,871	66,691	65,325
$7,047.8	$7,106.9	$6,546.6	$6,076.2	$5,902.0
750,306	729,328	705,205	703,695	702,498
5.0	6.9	7.9	8.4	8.7
2,662,404	2,577,556	2,539,941	2,507,265	2,486,404
1,824	1,823	1,806	1,786	1,817
889,006	876,999	863,561	854,265	843,316
486	489	501	511	554
288	305	302	307	329
289,965	247,696	238,766	190,531	188,822
493,341	505,234	541,439	562,185	562,570
9,620	9,597	9,116	9,935	10,704
10,506	10,506	10,657	10,161	11,033
20,478	20,551	22,009	22,814	22,980
138,661	124,654	137,546	149,015	170,988
28,292	26,600	22,324	24,878	24,123
50,350	47,916	45,300	45,500	45,000
4,300	5,100	4,800	5,250	5,000
11,556,388	12,461,261	12,651,919	12,463,495	11,666,912
289	277	281	288	278
809,452	687,473	613,148	553,407	476,632
65,208	65,208	66,472	63,742	58,119
23,018,184	23,021,500	23,023,800	23,023,720	23,023,070
3,443	3,438	3,447	3,447	3,447
155,748	159,206	160,944	160,160	146,531
28,580	27,536	26,934	26,225	24,869
552,303	636,977	585,724	615,548	652,570
199,007	228,634	302,418	389,769	408,644
89,961,317	94,109,256	99,988,581	98,545,733	99,657,606
33,809,181	32,561,865	33,276,914	39,257,585	41,620,408
35,134,907	67,690,312	64,285,665	70,047,258	101,568,085
56,956,625	47,690,502	65,916,303	50,464,834	26,833,674
2,300,000	2,315,000	2,333,000	1,380,000	1,630,000
-	-	-	61,076	107,402
-	-	-	4,961	41,616

AVERAGE COUNT OF STATE EMPLOYEES BY FUNCTION AND AVERAGE MONTHLY EMPLOYEE SALARY
Last Ten Fiscal Years

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government	3,340	3,320	3,238	3,102	3,005	3,092	2,958	3,042	2,991	2,399
Business, Community, and Consumer Affairs	2,723	2,741	2,756	2,451	2,441	2,482	2,420	2,404	2,458	2,564
Education	47,297	45,884	43,762	42,494	42,767	41,501	40,218	39,097	38,038	37,093
Health and Rehabilitation	4,117	4,147	4,122	4,023	4,007	3,990	3,931	3,953	3,965	4,019
Justice	14,380	14,192	14,076	13,974	13,760	13,416	13,123	13,149	13,093	12,848
Natural Resources	1,626	1,611	1,619	1,623	1,599	1,579	1,586	1,597	1,579	1,607
Social Assistance	1,711	1,672	1,661	1,810	1,766	1,731	1,633	1,605	1,579	1,704
Transportation	3,019	3,011	3,018	3,006	3,024	3,032	3,029	3,024	2,988	3,091
TOTAL AVERAGE EMPLOYMENT	78,213	76,578	74,252	72,483	72,369	70,823	68,898	67,871	66,691	65,325
TOTAL CLASSIFIED	30,999	31,133	31,159	31,102	31,246	31,284	31,504	32,449	32,927	32,799
AVERAGE MONTHLY SALARY	$ 4,826	$ 4,650	$ 4,554	$ 4,539	$ 4,502	$ 4,391	$ 4,283	$ 4,314	$ 4,324	$ 4,367
TOTAL NON-CLASSIFIED	47,214	45,445	43,093	41,381	41,123	39,539	37,394	35,422	33,764	32,526
AVERAGE MONTHLY SALARY	$ 7,181	$ 6,980	$ 6,872	$ 6,691	$ 6,306	$ 6,140	$ 5,953	$ 5,840	$ 5,786	$ 5,735

- 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	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
CenterLine Miles[1]										
Urban	1,502	1,510	1,510	1,523	1,523	1,385	1,385	1,385	1,389	1,398
Rural	7,575	7,578	7,578	7,580	7,580	7,718	7,720	7,720	7,720	7,748
TOTAL CENTERLINE MILES	9,077	9,088	9,088	9,103	9,103	9,103	9,105	9,105	9,109	9,146
Percent Change	-0.1%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	0.0%
Lane Miles[2]										
Urban	5,789	5,808	5,742	5,771	5,771	5,326	5,330	5,330	5,327	5,352
Rural	17,237	17,245	17,242	17,247	17,247	17,688	17,694	17,693	17,654	17,709
TOTAL LANE MILES	23,026	23,053	22,984	23,018	23,018	23,014	23,024	23,023	22,981	23,061
Percent Change	-0.1%	0.3%	-0.1%	0.0%	0.0%	0.0%	0.0%	0.2%	-0.3%	0.1%
Roadways[3]										
Percent Rated Good/Fair	80	79	79	79	79	79	47	48	48	50
Percent Rated Poor	20	21	21	21	21	21	53	52	52	50
TOTAL PERCENTAGE	100	100	100	100	100	100	100	100	100	100

[1]Centerline miles measure roadway miles without accounting for the number of lanes.
[2]Lane miles measure the total distance of all roadway lanes, and are therfore a better indicator of actual maintentance requirements.
[3]In 2013 CDOT changed the overall metric by which pavement condition is measured. The new measure is based on Driveability Life, which identifies how long a pavement will last until the user experience becomes unacceptable.
Source: Department of Transportation

COLORADO STATE-OWNED BRIDGES
BY FUNCTIONAL CLASSIFICATION
LAST TEN FISCAL YEARS

Functional Classification	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Principal Arterial[1]	1,404	1,387	1,390	1,372	1,377	1,114	1,294	1,303	1,299	1,376
Other Principal Arterial	924	932	931	930	930	1,199	793	791	785	801
Minor Arterial	668	670	670	666	667	667	747	749	752	759
Collector	377	383	387	383	390	391	443	442	446	431
Local	88	79	77	76	75	72	161	162	165	80
TOTAL BRIDGES	3,461	3,451	3,455	3,427	3,439	3,443	3,438	3,447	3,447	3,447
Percent Change	0.3%	-0.1%	0.8%	-0.3%	-0.1%	0.1%	-0.3%	0.0%	0.0%	0.5%
Percent Rated Poor[2]	6.32	4.42	4.90	5.60	5.60	5.70	5.90	3.60	5.53	5.48

[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

	2019	2018	Restated 2017	Restated 2016	Restated 2015	Restated 2014	Restated 2013	Restated 2012	Restated 2011	2010
GOVERNMENTAL ACTIVITIES:										
General Government	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	3,043,068
Business, Community, and Consumer Affairs[1]	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	980,198
Education	322,484	322,484	322,484	322,484	322,484	327,394	327,394	327,394	326,602	317,894
Health and Rehabilitation	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	1,489,338
Justice	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	8,398,319
Natural Resources	915,362	788,919	775,567	754,116	677,422	454,150	457,366	321,373	1,729,810	1,729,810
Social Assistance	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	1,824,175
Transportation	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	3,206,451
BUSINESS-TYPE ACTIVITIES:										
Higher Education	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	46,277,915
Parks and Wildlife	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	1,109,004
TOTAL	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	68,376,172

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

	2019	2018	2017	2016	2015	(restated) 2014	2013	2012	2011	2010
GOVERNMENTAL ACTIVITIES:										
General Government	162,801	175,427	153,470	153,470	161,533	169,970	200,900	226,201	210,576	276,602
Business, Community, and Consumer Affairs[1]	632,311	635,899	640,803	623,742	597,583	604,185	597,182	575,591	585,944	517,447
Education	56,831	54,765	58,819	53,827	51,749	47,926	47,645	39,804	31,999	28,531
Health and Rehabilitation	478,241	470,748	477,717	473,440	498,721	475,010	473,230	465,649	458,959	455,218
Justice	567,155	473,032	525,493	453,320	343,665	412,286	310,551	321,920	463,506	857,026
Natural Resources	77,831	79,055	78,909	74,016	75,134	91,162	78,937	73,375	81,926	65,735
Social Assistance	103,706	96,465	99,256	99,256	110,867	74,451	61,001	51,404	56,881	55,801
BUSINESS-TYPE ACTIVITIES:										
Higher Education	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	1,199,672
CollegeInvest	9,126	9,126	9,164	9,597	9,642	11,397	11,397	7,517	8,544	18,983
Lottery	67,327	67,327	67,327	67,327	71,104	71,104	71,104	74,104	66,684	59,915
Parks and Wildlife	23,635	70,058	83,036	76,448	76,448	76,448	76,448	79,112	73,064	73,064
College Assist	9,126	9,126	9,396	10,164	10,246	8,825	8,825	8,825	10,139	12,807
TOTAL	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	3,620,801

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

Separator Sheet

State of COLORADO

Basic Financial Statements

For The Fiscal Year Ended June 30, 2020

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

September 21, 2020

The Honorable Jared Polis
Governor
State of Colorado

The Honorable KC Becker
Speaker of the House
Colorado General Assembly

The Honorable Leroy Garcia
President of the Senate
Colorado General Assembly

Dear Madam and Sirs:

The attached Basic Financial Statements for the State of Colorado for the fiscal year ended June 30, 2020 are provided to you in accordance with Section 24-30-204, C.R.S. The Basic Financial Statements are preliminary and unaudited. Please note the following departures from Generally Accepted Accounting Principles (GAAP) contained in these Statements:

- **Component Unit** Financial Statements and related Note disclosures were omitted from the Basic Financial Statements.

- The **Management's Discussion & Analysis** is supplemental information required by the Governmental Accounting Standards Board, but is not included as part of the Basic Financial Statements.

The 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 Comprehensive Annual Financial Report which is expected to be published in December 2020. If you have questions, please feel free to contact me.

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

CC: Dianne Ray, State Auditor
Kara Veitch, Executive Director – Department of Personnel and Administration

Attachment

STATE OF COLORADO
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION:

STATEMENT OF NET POSITION
JUNE 30, 2020

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 3,133,275	$ 2,204,326	$ 5,337,601
Investments	-	2,029,617	2,029,617
Taxes Receivable, net	2,746,658	87,301	2,833,959
Other Receivables, net	609,763	786,608	1,396,371
Due From Other Governments	814,061	527,962	1,342,023
Internal Balances	182,356	(182,356)	-
Due From Component Units	-	26,385	26,385
Inventories	142,211	57,124	199,335
Prepaids, Advances and Deposits	961,101	37,686	998,787
Total Current Assets	8,589,425	5,574,653	14,164,078
Noncurrent Assets:			
Restricted Assets:			
Restricted Cash and Pooled Cash	1,809,131	722,013	2,531,144
Restricted Investments	1,212,493	175,977	1,388,470
Restricted Receivables	454,399	22,651	477,050
Investments	1,564,800	1,459,044	3,023,844
Other Long-Term Assets	772,799	110,840	883,639
Depreciable Capital Assets and Infrastructure, net	9,840,215	8,466,007	18,306,222
Land and Nondepreciable Capital Assets	2,731,361	2,334,974	5,066,335
Total Noncurrent Assets	18,385,198	13,291,506	31,676,704
TOTAL ASSETS	26,974,623	18,866,159	45,840,782
DEFERRED OUTFLOW OF RESOURCES:	2,388,473	523,049	2,911,522

(continued)

LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	951,302	-	951,302
Accounts Payable and Accrued Liabilities	1,366,006	726,808	2,092,814
TABOR Refund Liability (Note 2B)	143,418	-	143,418
Due To Other Governments	375,757	107,820	483,577
Due To Component Units	-	151	151
Unearned Revenue	1,650,649	804,572	2,455,221
Accrued Compensated Absences	15,719	28,682	44,401
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
Other Current Liabilities	23,647	216,246	239,893
Total Current Liabilities	4,670,935	2,071,149	6,742,084
Noncurrent Liabilities:			
Deposits Held In Custody For Others	598	25	623
Accrued Compensated Absences	197,457	397,687	595,144
Claims and Judgments Payable	151,757	45,168	196,925
Capital Lease Payable	92,610	29,813	122,423
Derivative Instrument Liability	-	35,407	35,407
Notes, Bonds, and COPs Payable	2,837,608	4,917,042	7,754,650
Due to Component Units	-	1,704	1,704
Net Pension Liability	7,806,016	3,569,421	11,375,437
Other Postemployment Benefits	233,233	843,346	1,076,579
Other Long-Term Liabilities	229,134	100,238	329,372
Total Noncurrent Liabilities	11,548,413	9,939,851	21,488,264
TOTAL LIABILITIES	16,219,348	12,011,000	28,230,348
DEFERRED INFLOW OF RESOURCES:	3,705,034	1,930,856	5,635,890
NET POSITION:			
Net investment in Capital Assets:	9,623,318	5,905,483	15,528,801
Restricted for:			
Construction and Highway Maintenance	874,840	-	874,840
Education	194,060	570,108	764,168
Unemployment Insurance	-	351,648	351,648
Debt Service	115,664	27,978	143,642
Emergencies	208,095	34,000	242,095
Permanent Funds and Endowments:			
Expendable	8,936	173,493	182,429
Nonexpendable	1,419,812	83,909	1,503,721
Other Purposes	989,972	31,961	1,021,933
Unrestricted	(3,995,983)	(1,731,228)	(5,727,211)
TOTAL NET POSITION	$ 9,438,714	$ 5,447,352	$ 14,886,066

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)	Expenses		Program Revenues		
Functions/Programs	Expenses	Indirect Cost Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 1,222,723	$ (22,784)	$ 166,476	$ 352,816	$ 1,244
Business, Community, and Consumer Affairs	645,299	2,250	170,592	315,852	-
Education	6,888,612	1,968	38,261	785,586	121
Health and Rehabilitation	822,860	1,590	103,406	507,195	-
Justice	1,703,038	4,491	229,466	190,328	280
Natural Resources	88,269	827	170,834	142,227	-
Social Assistance	9,439,760	5,134	153,857	5,389,206	-
Transportation	1,879,767	1,619	522,044	164,030	615,579
Interest on Debt	103,339	-	-	-	-
Total Governmental Activities	22,793,667	(4,905)	1,554,936	7,847,240	617,224
Business-Type Activities:					
Higher Education	6,985,909	3,168	5,364,772	2,437,405	64,880
Healthcare Affordability	3,532,845	-	937,123	2,651,223	-
Unemployment Insurance	4,217,318	601	548,095	2,762,617	-
Lottery	581,947	670	659,791	2,599	-
Parks and Wildlife	165,624	126	231,980	47,207	5,497
College Assist	200,859	340	1	223,003	-
Other Business-Type Activities	127,622	-	296,322	61,566	149
Total Business-Type Activities	15,812,124	4,905	8,038,084	8,185,620	70,526
Total Primary Government	38,605,791	-	9,593,020	16,032,860	687,750

General Revenues:
- Taxes:
  - Sales and Use Taxes
  - Excise Taxes
  - Individual Income Tax
  - Corporate Income Tax
  - Other Taxes
  - Restricted for Education:
    - Individual Income Tax
    - Corporate and Fiduciary Income Tax
  - Restricted for Transportation:
    - Fuel Taxes
    - Other Taxes
- Unrestricted Investment Earnings (Losses)
- Other General Revenues

(Transfers-Out) / Transfers-In
Internal Capital Contributions
Permanent Fund Additions

Total General Revenues, Special Items, and Transfers

Change in Net Position

Net Position - Fiscal Year Beginning
- 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
$ (679,403)	$ -	$ (679,403)
(161,105)	-	(161,105)
(6,066,612)	-	(6,066,612)
(213,849)	-	(213,849)
(1,287,455)	-	(1,287,455)
223,965	-	223,965
(3,901,831)	-	(3,901,831)
(579,733)	-	(579,733)
(103,339)	-	(103,339)
(12,769,362)	-	(12,769,362)
-	877,980	877,980
-	55,501	55,501
-	(907,207)	(907,207)
-	79,773	79,773
-	118,934	118,934
-	21,805	21,805
-	230,415	230,415
-	477,201	477,201
(12,769,362)	477,201	(12,292,161)
3,703,217	-	3,703,217
330,600	-	330,600
8,037,847	-	8,037,847
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
95,461	-	95,461
(394,939)	394,939	-
-	52,747	52,747
580	-	580
14,282,345	447,686	14,730,031
1,512,983	924,887	2,437,870
7,913,886	4,520,020	12,433,906
11,845	-	11,845
-	2,445	2,445
7,925,731	4,522,465	12,448,196
$ 9,438,714	$ 5,447,352	$ 14,886,066

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 228,261	$ 597,250	$ 2,220,769	$ 3,046,280
Taxes Receivable, net	2,864,172	-	71,068	2,935,240
Other Receivables, net	441,960	-	148,373	590,333
Due From Other Governments	778,868	-	35,091	813,959
Due From Other Funds	63,228	-	489,351	552,579
Inventories	14,187	-	126,741	140,928
Prepaids, Advances and Deposits	69,894	938,417	40,464	1,048,775
Restricted Assets:				
Restricted Cash and Pooled Cash	550,634	-	1,258,237	1,808,871
Restricted Investments	-	-	1,212,493	1,212,493
Restricted Receivables	10,688	-	443,711	454,399
Investments	335,521	-	1,229,279	1,564,800
Other Long-Term Assets	18,606	-	564,750	583,356
TOTAL ASSETS	$ 5,376,019	$ 1,535,667	$ 7,840,327	$ 14,752,013
DEFERRED OUTFLOW OF RESOURCES:	-	-	3,027	3,027
LIABILITIES:				
Tax Refunds Payable	$ 942,102	$ -	$ 9,200	$ 951,302
Accounts Payable and Accrued Liabilities	841,766	16	480,640	1,322,422
TABOR Refund Liability (Note 2B)	143,418	-	-	143,418
Due To Other Governments	294,017	-	81,740	375,757
Due To Other Funds	335,887	-	33,933	369,820
Unearned Revenue	134,917	1,514,301	106,685	1,755,903
Claims and Judgments Payable	726	-	226	952
Other Current Liabilities	13,776	-	5,428	19,204
Deposits Held In Custody For Others	470	-	128	598
TOTAL LIABILITIES	2,707,079	1,514,317	717,980	4,939,376
DEFERRED INFLOW OF RESOURCES:	181,578	-	7,800	189,378
FUND BALANCES:				
Nonspendable:				
Inventories	14,187	-	126,741	140,928
Permanent Fund Principal	-	-	1,398,429	1,398,429
Prepaids	69,782	-	40,464	110,246
Restricted	823,528	21,350	1,415,850	2,260,728
Committed	631,446	-	4,136,090	4,767,536
Assigned	25,805	-	-	25,805
Unassigned	922,614	-	-	922,614
TOTAL FUND BALANCES	2,487,362	21,350	7,117,574	9,626,286
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,376,019	$ 1,535,667	$ 7,843,354	$ 14,755,040

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	$ 3,046,280	$ 87,007	$ -	$ -	$ -	$ (12)	$ -	$ 3,133,275
Taxes Receivable, net	2,935,240	-	-	-	-	(188,582)	-	2,746,658
Other Receivables, net	590,333	1,903	-	-	-	17,390	137	609,763
Due From Other Governments	813,959	102	-	-	-	-	-	814,061
Due From Other Funds	552,579	263	-	-	-	-	(552,842)	-
Internal Balances	-	-	-	-	-	-	182,356	182,356
Inventories	140,928	1,283	-	-	-	-	-	142,211
Prepaids, Advances and Deposits	1,048,775	8,870	-	-	-	(96,544)	-	961,101
Total Current Assets	9,128,094	99,428	-	-	-	(267,748)	(370,349)	8,589,425
Noncurrent Assets:								
Restricted Cash and Pooled Cash	1,808,871	260	-	-	-	-	-	1,809,131
Restricted Investments	1,212,493	-	-	-	-	-	-	1,212,493
Restricted Receivables	454,399	-	-	-	-	-	-	454,399
Investments	1,564,800	-	-	-	-	-	-	1,564,800
Other Long-Term Assets	583,356	-	-	-	-	189,443	-	772,799
Depreciable Capital Assets and Infrastructure, net	-	122,869	9,717,346	-	-	-	-	9,840,215
Land and Nondepreciable Capital Assets	-	523	2,730,838	-	-	-	-	2,731,361
Total Noncurrent Assets	5,623,919	123,652	12,448,184	-	-	189,443	-	18,385,198
TOTAL ASSETS	14,752,013	223,080	12,448,184	-	-	(78,305)	(370,349)	26,974,623
DEFERRED OUTFLOW OF RESOURCES:	3,027	30,631	-	2,354,815	-	-	-	2,388,473
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	951,302	-	-	-	-	-	-	951,302
Accounts Payable and Accrued Liabilities	1,322,422	37,297	-	6,250	-	-	37	1,366,006
TABOR Refund Liability (Note 2B)	143,418	-	-	-	-	-	-	143,418
Due To Other Governments	375,757	-	-	-	-	-	-	375,757
Due To Other Funds	369,820	566	-	-	-	-	(370,386)	-
Unearned Revenue	1,755,903	3,066	-	-	-	(108,320)	-	1,650,649
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	4,938,778	65,473	-	81,383	38,706	(83,056)	(370,349)	4,670,935
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	-	342,988	-	-	-	7,463,028	-	7,806,016
Other Postemployment Benefits	-	13,052	-	-	-	220,181	-	233,233
Other Long-Term Liabilities	-	-	-	-	-	229,134	-	229,134
Total Noncurrent Liabilities	598	441,086	-	2,857,727	102,721	8,146,281	-	11,548,413
TOTAL LIABILITIES	4,939,376	506,559	-	2,939,110	141,427	8,063,225	(370,349)	16,219,348
DEFERRED INFLOW OF RESOURCES:	189,378	145,057	-	-	-	3,370,599	-	3,705,034
NET POSITION:								
Net investment in Capital Assets:	-	28,256	12,448,184	(2,853,122)	-	-	-	9,623,318
Restricted for:								
Construction and Highway Maintenance	874,840	-	-	-	-	-	-	874,840
Education	194,060	-	-	-	-	-	-	194,060
Unemployment Insurance	-	-	-	-	-	-	-	-
Debt Service	115,664	-	-	-	-	-	-	115,664
Emergencies	208,095	-	-	-	-	-	-	208,095
Permanent Funds and Endowments:								
Expendable	8,936	-	-	-	-	-	-	8,936
Nonexpendable	1,419,812	-	-	-	-	-	-	1,419,812
Other Purposes	989,972	-	-	-	-	-	-	989,972
Unrestricted	5,814,907	(426,161)	-	2,268,827	(141,427)	(11,512,129)	-	(3,995,983)
TOTAL NET POSITION	$ 9,626,286	$ (397,905)	$ 12,448,184	$ (584,295)	$ (141,427)	$ (11,512,129)	$ -	$ 9,438,714

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	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:				
Taxes:				
Individual and Fiduciary Income	$ 8,056,675	$ -	$ 588,830	$ 8,645,505
Corporate Income	670,434	-	57,870	728,304
Sales and Use	3,651,976	-	37,220	3,689,196
Excise	106,980	-	849,660	956,640
Other Taxes	337,766	-	259,074	596,840
Licenses, Permits, and Fines	20,589	-	811,228	831,817
Charges for Goods and Services	81,519	-	344,288	425,807
Rents	166	-	156,130	156,296
Investment Income (Loss)	85,550	21,350	289,155	396,055
Federal Grants and Contracts	6,761,601	168,733	989,460	7,919,794
Additions to Permanent Funds	-	-	580	580
Unclaimed Property Receipts	-	-	55,137	55,137
Other	198,117	-	151,376	349,493
TOTAL REVENUES	19,971,373	190,083	4,590,008	24,751,464
EXPENDITURES:				
Current:				
General Government	263,508	9,763	134,182	407,453
Business, Community, and Consumer Affairs	178,958	-	341,006	519,964
Education	902,949	15,888	79,162	997,999
Health and Rehabilitation	737,153	13,224	157,302	907,679
Justice	1,723,738	10,221	358,440	2,092,399
Natural Resources	42,583	-	88,437	131,020
Social Assistance	8,131,285	3,751	228,879	8,363,915
Transportation	-	-	1,554,798	1,554,798
Capital Outlay	236,538	-	169,800	406,338
Intergovernmental:				
Cities	106,646	-	359,245	465,891
Counties	1,333,749	2,000	414,324	1,750,073
School Districts	5,165,131	113,061	683,110	5,961,302
Special Districts	70,131	-	107,810	177,941
Federal	14	-	31,787	31,801
Other	180,630	822	59,902	241,354
Debt Service	87,130	-	76,362	163,492
TOTAL EXPENDITURES	19,160,143	168,730	4,844,546	24,173,419
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	811,230	21,353	(254,538)	578,045
OTHER FINANCING SOURCES (USES):				
Transfers-In	566,097	-	1,130,194	1,696,291
Transfers-Out	(1,145,949)	(3)	(942,326)	(2,088,278)
Face Amount of Bond/COP Issuance	165,805	-	500,000	665,805
Bond/COP Premium/Discount	25,833	-	111,009	136,842
Capital Lease Proceeds	515	-	-	515
Sale of Capital Assets	(6)	-	54,740	54,734
Insurance Recoveries	930	-	2,493	3,423
TOTAL OTHER FINANCING SOURCES (USES)	(386,775)	(3)	856,110	469,332
NET CHANGE IN FUND BALANCES	424,455	21,350	601,572	1,047,377
FUND BALANCE, FISCAL YEAR BEGINNING	2,062,907	-	6,516,002	8,578,909
FUND BALANCE, FISCAL YEAR END	$ 2,487,362	$ 21,350	$ 7,117,574	$ 9,626,286

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	$ 8,645,505	$ -	$ -	$ -	$ (18,828)	$ 8,626,677
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)	396,055	2,004	-	-	6	398,065
Federal Grants and Contracts	7,919,794	-	-	-	-	7,919,794
Additions to Permanent Funds	580	-	-	-	-	580
Unclaimed Property Receipts	55,137	-	-	-	-	55,137
Other	349,493	-	-	-	(546)	348,947
TOTAL REVENUES	24,751,464	2,004	-	-	(35,254)	24,718,214
EXPENDITURES:						
Current:						
General Government	407,453	(18,960)	29,301	-	(84,338)	333,456
Business, Community, and Consumer Affairs	519,964	(18,236)	3,227	-	(139,298)	365,657
Education	997,999	(1,026)	36,699	-	(45,054)	988,618
Health and Rehabilitation	907,679	(5,444)	(202)	-	(216,370)	685,663
Justice	2,092,399	(15,042)	53,263	-	(698,183)	1,432,437
Natural Resources	131,020	(7,269)	672	-	(32,982)	91,441
Social Assistance	8,363,915	(33,876)	17,096	-	(63,841)	8,283,294
Transportation	1,554,798	(7,462)	330,381	-	(162,100)	1,715,617
Capital Outlay	406,338	-	(908,823)	-	-	(502,485)
Intergovernmental:						
Cities	465,891	-	-	-	-	465,891
Counties	1,750,073	-	-	-	-	1,750,073
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	24,173,419	(104,885)	(438,386)	(60,919)	(769,988)	22,799,241
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	578,045	106,889	438,386	60,919	734,734	1,918,973
OTHER FINANCING SOURCES (USES):						
Transfers-In	1,696,291	5,379	-	-	-	1,701,670
Transfers-Out	(2,088,278)	(7,363)	-	-	-	(2,095,641)
Face Amount of Bond/COP Issuance	665,805	-	-	(665,805)	-	-
Bond/COP Premium/Discount	136,842	-	-	(128,022)	-	8,820
Capital Lease Proceeds	515	-	-	(515)	-	-
Sale of Capital Assets	54,734	-	(82,671)	-	-	(27,937)
Insurance Recoveries	3,423	-	-	-	-	3,423
TOTAL OTHER FINANCING SOURCES (USES)	469,332	(1,984)	(82,671)	(794,342)	-	(409,665)
Internal Service Fund Charges to BTAs	-	3,675	-	-	-	3,675
NET CHANGE FOR THE YEAR	1,047,377	108,580	355,715	(733,423)	734,734	1,512,983
Prior Period Adjustment (See Note 15A)	-	-	-	-	11,845	11,845
TOTAL CHANGE FOR THE CURRENT YEAR	$ 1,047,377	$ 108,580	$ 355,715	$ (733,423)	$ 746,579	$ 1,524,828

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

	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	$ 1,347,494	$ -	$ 350,092	$ 31,242	$ 475,498	$ 2,204,326	$ 87,007
Investments	2,029,617	-	-	-	-	2,029,617	-
Premiums/Taxes Receivable, net	-	-	-	86,916	385	87,301	-
Student and Other Receivables, net	597,343	107,217	11,891	9,704	60,135	786,290	1,903
Due From Other Governments	178,026	319,634	4,842	5,683	19,777	527,962	102
Due From Other Funds	11,836	-	-	-	7,069	18,905	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	4,259,070	426,851	367,458	133,545	588,672	5,775,596	99,428
Noncurrent Assets:							
Restricted Cash and Pooled Cash	315,614	-	16,795	303,784	85,820	722,013	260
Restricted Investments	175,977	-	-	-	-	175,977	-
Restricted Receivables	-	-	-	-	22,651	22,651	-
Investments	1,443,377	-	15,667	-	-	1,459,044	-
Other Long-Term Assets	109,470	-	-	-	1,370	110,840	-
Depreciable Capital Assets and Infrastructure, net	7,097,474	-	1,135,165	618	232,750	8,466,007	122,869
Land and Nondepreciable Capital Assets	1,308,795	-	581,254	16,729	428,196	2,334,974	523
Total Noncurrent Assets	10,450,707	-	1,748,881	321,131	770,787	13,291,506	123,652
TOTAL ASSETS	14,709,777	426,851	2,116,339	454,676	1,359,459	19,067,102	223,080
DEFERRED OUTFLOW OF RESOURCES:	472,050	5,400	3,290	749	41,560	523,049	30,631
LIABILITIES:							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	447,046	121,708	39,701	42,102	62,406	712,963	37,297
Due To Other Governments	-	87,924	-	1	19,895	107,820	-
Due To Other Funds	2,671	156,435	-	-	39,471	198,577	566
Due To Component Units	151	-	-	-	-	151	-
Unearned Revenue	728,011	-	-	20,255	56,306	804,572	3,066
Compensated Absences Payable	27,293	5	6	-	1,378	28,682	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 Current Liabilities	167,072	-	-	7,516	41,658	216,246	698
Total Current Liabilities	1,558,270	366,072	39,707	69,874	221,958	2,255,881	65,473
Noncurrent Liabilities:							
Due to Other Funds	-	-	-	-	16,211	16,211	-
Deposits Held In Custody For Others	-	-	-	-	25	25	-
Accrued Compensated Absences	381,876	102	60	-	15,649	397,687	12,555
Claims and Judgments Payable	45,168	-	-	-	-	45,168	-
Capital Lease Payable	28,381	-	-	-	1,432	29,813	72,491
Derivative Instrument Liability	35,407	-	-	-	-	35,407	-
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	6,080	9,686	382,322	3,569,421	342,988
Other Postemployment Benefits	827,354	507	237	381	14,867	843,346	13,052
Other Long-Term Liabilities	48,541	-	51,678	-	19	100,238	-
Total Noncurrent Liabilities	8,916,584	13,792	584,438	10,067	431,181	9,956,062	441,086
TOTAL LIABILITIES	10,474,854	379,864	624,145	79,941	653,139	12,211,943	506,559
DEFERRED INFLOW OF RESOURCES:	1,613,250	5,300	134,640	6,490	171,176	1,930,856	145,057
NET POSITION:							
Net investment in Capital Assets:	4,303,178	-	973,346	17,346	611,613	5,905,483	28,256
Restricted for:							
Education	570,108	-	-	-	-	570,108	-
Unemployment Insurance	-	-	-	351,648	-	351,648	-
Debt Service	414	-	27,564	-	-	27,978	-
Emergencies	-	-	-	-	34,000	34,000	-
Permanent Funds and Endowments:							-
Expendable	173,493	-	-	-	-	173,493	-
Nonexpendable	83,909	-	-	-	-	83,909	-
Other Purposes	-	-	-	-	31,961	31,961	-
Unrestricted	(2,037,379)	47,087	359,934	-	(100,870)	(1,731,228)	(426,161)
TOTAL NET POSITION	$ 3,093,723	$ 47,087	$ 1,360,844	$ 368,994	$ 576,704	$ 5,447,352	$ (397,905)

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			
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE
OPERATING REVENUES:				
Unemployment Insurance Premiums	$ -	$ -	$ -	$ 546,038
License and Permits	-	-	-	125
Tuition and Fees	3,313,840	-	-	-
Scholarship Allowance for Tuition and Fees	(743,547)	-	-	-
Sales of Goods and Services	2,600,598	936,355	127,758	-
Scholarship Allowance for Sales of Goods & Services	(28,873)	-	-	-
Investment Income (Loss)	1,252	-	-	-
Rental Income	17,565	-	-	-
Gifts and Donations	44,495	-	-	-
Federal Grants and Contracts	1,229,875	2,651,197	20,251	2,734,341
Intergovernmental Revenue	6,883	-	-	-
Other	407,023	769	-	7
TOTAL OPERATING REVENUES	6,849,111	3,588,321	148,009	3,280,511
OPERATING EXPENSES:				
Salaries and Fringe Benefits	4,507,205	49,737	4,779	3,870
Operating and Travel	1,623,071	3,462,641	4,032	4,211,048
Cost of Goods Sold	136,468	-	-	-
Depreciation and Amortization	470,977	-	19,320	2,400
Intergovernmental Distributions	35,306	20,467	8	-
Debt Service	-	-	-	-
Prizes and Awards	287	-	-	-
TOTAL OPERATING EXPENSES	6,773,314	3,532,845	28,139	4,217,318
OPERATING INCOME (LOSS)	75,797	55,476	119,870	(936,807)
NONOPERATING REVENUES AND (EXPENSES):				
Taxes	-	-	-	-
Fines and Settlements	18	-	1,199	1,931
Investment Income (Loss)	260,823	26	16,921	28,270
Rental Income	33,988	-	-	1
Gifts and Donations	271,655	-	-	-
Intergovernmental Distributions	(33,574)	-	-	-
Federal Grants and Contracts	352,532	-	-	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(1,969)	-	77,470	-
Insurance Recoveries from Prior Year Impairments	3,922	-	-	-
Debt Service	(174,751)	-	(7,493)	-
Other Expenses	(3,848)	-	(312)	-
Other Revenues	34,349	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	743,145	26	87,785	30,202
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	818,942	55,502	207,655	(906,605)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	114,162	-	-	-
Additions to Permanent Endowments	20	-	-	-
Transfers-In	480,951	-	40	56
Transfers-Out	(6,336)	(16,453)	-	(2,755)
TOTAL CONTRIBUTIONS AND TRANSFERS	588,797	(16,453)	40	(2,699)
CHANGE IN NET POSITION	1,407,739	39,049	207,695	(909,304)
NET POSITION - FISCAL YEAR BEGINNING	1,683,539	8,038	1,153,149	1,278,298
Accounting Changes (See Note 15B)	2,445	-	-	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	1,685,984	8,038	1,153,149	1,278,298
NET POSITION - FISCAL YEAR ENDING	$ 3,093,723	$ 47,087	$ 1,360,844	$ 368,994

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

		GOVERNMENTAL ACTIVITIES
OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
$ -	$ 546,038	$ -
170,292	170,417	-
1,760	3,315,600	-
-	(743,547)	-
762,456	4,427,167	465,685
-	(28,873)	-
7,676	8,928	-
2,262	19,827	14,455
-	44,495	-
283,408	6,919,072	-
49,858	56,741	-
3,745	411,544	936
1,281,457	15,147,409	481,076
117,333	4,682,924	169,639
408,775	9,709,567	171,093
50,256	186,724	-
18,351	511,048	31,158
18,328	74,109	-
10,566	10,566	-
425,950	426,237	21
1,049,559	15,601,175	371,911
231,898	(453,766)	109,165
34,626	34,626	-
499	3,647	1
20,728	326,768	2,004
15,339	49,328	-
1,756	273,411	-
(70,365)	(103,939)	-
-	352,532	-
(26)	75,475	1,501
1,850	5,772	20
(187)	(182,431)	(2,443)
-	(4,160)	-
2,047	36,396	-
6,267	867,425	1,083
238,165	413,659	110,248
4,411	118,573	317
-	20	-
25,422	506,469	5,378
(88,290)	(113,834)	(7,363)
(58,457)	511,228	(1,668)
179,708	924,887	108,580
396,996	4,520,020	(506,485)
-	2,445	-
396,996	4,522,465	(506,485)
$ 576,704	$ 5,447,352	$ (397,905)

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	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Tuition, Fees, and Student Loans	$ 2,587,151	$ -	$ -	$ -
Fees for Service	2,490,267	1,128,988	124,860	7,027
Receipts for Interfund Services	-	-	1,633	-
Sales of Products	-	-	-	7
Gifts, Grants, and Contracts	1,669,286	2,359,186	24,587	2,747,552
Loan and Note Repayments	386,153	-	-	-
Unemployment Insurance Premiums	-	-	-	548,094
Income from Property	51,552	-	-	1
Other Sources	503,725	769	2,042	28,347
Cash Payments to or for:				
Employees	(5,364,757)	(50,725)	(8,507)	-
Suppliers	(1,469,651)	(3,454,410)	(25,760)	(5,265)
Payments for Interfund Services	-	-	(640)	(9,449)
Sales Commissions and Lottery Prizes	-	-	-	-
Unemployment Benefits	-	-	-	(4,175,111)
Scholarships	(145,966)	-	-	-
Others for Student Loans and Loan Losses	(397,749)	-	-	-
Other Governments	(35,306)	-	(8)	-
Other	(208,398)	(4,147)	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	66,307	(20,339)	118,207	(858,797)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers-In	361,882	-	40	56
Transfers-Out	(6,336)	(16,453)	-	(2,755)
Receipt of Deposits Held in Custody	125,913	36	-	-
Release of Deposits Held in Custody	(128,385)	(36)	-	-
Gifts and Grants for Other Than Capital Purposes	617,196	-	-	-
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	935,942	(16,453)	40	(2,699)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(838,487)	-	(194,189)	-
Capital Contributions	192,407	-	-	-
Capital Gifts, Grants, and Contracts	27,429	-	-	-
Proceeds from Sale of Capital Assets	38,826	-	127,097	-
Capital Debt Proceeds	1,069,066	-	-	-
Capital Debt Service Payments	(1,095,836)	-	(5,415)	-
Capital Lease Payments	(16,767)	-	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(623,362)	-	(72,507)	-

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

		GOVERNMENTAL ACTIVITIES
OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
$ 1,726	$ 2,588,877	$ -
191,064	3,942,206	2,657
5,285	6,918	460,891
712,442	712,449	1,619
283,332	7,083,943	-
-	386,153	-
-	548,094	-
17,587	69,140	14,400
110,234	645,117	805
(221,945)	(5,645,934)	(261,067)
(179,528)	(5,134,614)	(97,241)
(24,205)	(34,294)	(64,473)
(480,722)	(480,722)	-
-	(4,175,111)	-
-	(145,966)	-
-	(397,749)	-
(18,736)	(54,050)	(1)
(218,081)	(430,626)	(864)
178,453	(516,169)	56,726
26,037	388,015	5,404
(88,290)	(113,834)	(7,363)
1,044	126,993	731
(692)	(129,113)	(275)
1,756	618,952	-
(48,770)	(82,344)	-
2,036	2,036	-
129	6,497	87
(129)	(7,251)	(87)
(106,879)	809,951	(1,503)
(122,532)	(1,155,208)	(37,965)
-	192,407	-
-	27,429	-
65,390	231,313	35,037
-	1,069,066	-
(682)	(1,101,933)	(64)
(369)	(17,136)	(23,779)
(58,193)	(754,062)	(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	UNEMPLOYMENT INSURANCE
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	113,010	198	7,515	28,254
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	16
NET CASH FROM INVESTING ACTIVITIES	(100,625)	27	19,479	28,270
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	278,262	(36,765)	65,219	(833,226)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,384,846	36,765	301,668	1,168,252
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,663,108	$ -	$ 366,887	$ 335,026
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 75,797	$ 55,476	$ 119,870	$ (936,807)
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided by Operating Activities:				
Depreciation	470,977	-	19,320	2,400
Investment/Rental Income and Other Revenue in Operating Income	-	-	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	81,501	-	1,199	1,932
(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	-	(7,470)	-
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred				
Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(73,957)	(271,653)	3,070	21,147
(Increase) Decrease in Inventories	2,330	-	-	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	3,881	-	(588)	-
(Increase) Decrease in Pension Deferred Outflow	363,677	6,761	1,917	1,500
(Increase) Decrease in OPEB Deferred Outflow	5,101	(186)	13	6
Increase (Decrease) in Accounts Payable	(7,998)	(2,063)	(12,428)	41,457
Increase (Decrease) in Pension Liability	(587,090)	(1,550)	(2,348)	(3,857)
Increase (Decrease) in OPEB Liability	(168,463)	179	(118)	(188)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	316,693	194,949	(1,070)	15,982
Increase (Decrease) in Pension Deferred Inflow	(662,723)	(2,409)	(3,233)	(2,505)
Increase (Decrease) in OPEB Deferred Inflow	196,813	93	47	136
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 66,307	$ (20,339)	$ 118,207	$ (858,797)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	(8,571)	-	-	-
Capital Assets Acquired by Grants or Donations and Payable Increases	37,669	-	120,889	-
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	69,252	-	(9,324)	-
Loss on Disposal of Capital and Other Assets	132	-	-	-
Disposal of Capital Assets	2,345	-	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	38,641	-	-	-
Assumption of Capital Lease Obligation or Mortgage	2,350	-	-	-
Financed Debt Issuance Costs	813	-	-	-
Gain on Debt Defeasance	5,118	-	-	-
Bad Debt Expense	5,063	-	-	-
Fair Value Change in Derivative Instrument	3,675	-	-	-
State Support for PERA Pensions	24,372	(37)	40	56
Noncapital Gifts	1,078	-	-	-
Loss on Debt Defeasance	(668)	-	-	-
Additions to Investments held by Foundation	344	-	-	-
Federal Receivables (BABS & CARES)	896	-	-	-

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

		GOVERNMENTAL ACTIVITIES
OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
13,906	162,883	208
13,848	9,018,267	-
(292)	(9,300,111)	-
8,610	102,184	1,796
36,072	(16,777)	2,004
49,453	(477,057)	30,456
511,865	3,403,396	56,811
$ 561,318	$ 2,926,339	$ 87,267
231,898	$ (453,766)	$ 109,165
18,351	511,048	31,158
(2,191)	(2,191)	-
52,353	136,985	50
-	837	-
1,592	48,680	2,251
13,812	8,275	1,006
(1,957)	(323,350)	(558)
(971)	1,359	(390)
(70)	3,223	(199)
43,759	417,614	40,325
(90)	4,844	(33)
(4,397)	14,571	9,681
(72,754)	(667,599)	(62,728)
(3,855)	(172,445)	(3,094)
(22,594)	503,960	(939)
(77,784)	(748,654)	(71,596)
3,351	200,440	2,627
$ 178,453	$ (516,169)	$ 56,726
615	(7,956)	292
3,796	162,354	-
1,078	61,006	-
55	187	(1,472)
-	2,345	-
(616)	38,025	(452)
-	2,350	20,773
-	813	-
-	5,118	-
-	5,063	-
-	3,675	-
545	24,976	(417)
-	1,078	-
-	(668)	-
-	344	-
-	896	-

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	-
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	2,247,936
LIABILITIES:			
Tax Refunds Payable	-	-	1,696
Accounts Payable and Accrued Liabilities	23,691	23,632	4,758
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	-	-	1,835,659
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	$ 2,247,936
NET POSITION:			
Restricted for:			
OPEB	84,527	-	
Held in Trust for:			
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.

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. 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.

Blended Component Units:

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

- University 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.

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:

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 College Invest, 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. 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, and the Metropolitan State University, which early-implemented GASB Statement No. 89, the State capitalizes interest incurred during the construction of capital assets that are reported in enterprise funds.

UNEARNED REVENUE AND DEFERRED INFLOWS

Under reimbursement agreements, receipts from the federal government and other program sponsors are not earned until the related expenditures occur. These receipts are recorded as unearned revenue, except for amounts recorded as deferred inflows when the only eligibility requirement not met is the time requirement.
On the fund-level governmental financial statements, revenues related to taxes receivable that the State does not expect to collect until after the following fiscal year, are not earned and are reported as deferred inflows. However, taxes receivable are recognized as revenue on the government-wide financial statements.

ACCRUED COMPENSATED ABSENCES LIABILITY

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to the individual's accrued balance on July 1, 1988, plus 360 additional hours. Employees that exceed the limit at June 30 are required to convert five hours of unused sick leave to one hour of annual leave. Employees or their survivors are paid for one-fourth of their unused sick leave upon retirement or death. Annual leave is earned at increasing rates based on employment longevity. No classified employee is allowed to accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100 percent of their annual leave balance upon leaving State service.

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

INSURANCE

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

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

NET POSITION

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

FUND BALANCES

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

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

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

In the General Purpose Revenue Fund, the Committed category represents the requirement in Colorado Revised Statutes 24-75-201.1(1)(d). 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 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 $32.6 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 $24.7 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.

- Behavioral Health Capitation Payments – The Department of Health Care Policy & Financing overspent this line item by $1.3 million general 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.

- DHS - Mental Health Institutes – 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.

- Division of Youth Corrections – Medicaid Funding – 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.

- Medicare Modernization Act Contribution – The Department of Health Care Policy & Financing overspent this line item by $1.7 million general funds. The overexpenditure occurred due to large increases in retroactive enrollment of dual eligible clients in the second half of the year, which resulted in higher-than-anticipated monthly invoice totals. The is a one-time problem and not expected to occur again in the future.

- Clinic Based Indigent Care – 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:

- Local Election Reimbursement – 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 COVID19 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 Year2020 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.

- 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 $14,866.3 million, which fell below the $14,948.8 million ESRC by $82.5 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 FY 2015 refund payable through the sales tax and earned income tax credit mechanisms, $140.8 million of the FY 2019 refund payable through the property tax reimbursement mechanism, and $147.4 million of the FY 2019 refund payable through the income tax rate reduction mechanism. Total TABOR refunds in FY 2020 were $288.3 million, leaving the State's liability for TABOR refunds at $143.4 million at June 30, 2020. Since the inception of Referendum C in Fiscal Year 2006, the State has retained $24,440.9 million (unadjusted for prior year errors) – $3,593.6 million during the initial five-year revenue retention period, and an additional $24,847.3 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 Coronavirus-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 $446.0 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 $20.2 million less than required by the State Constitution. In the event of an emergency that exceeded the financial assets in the reserve, the designated Wildlife Cash Fund capital assets and general capital assets would have to be liquidated to meet the constitutional requirement.

NOTE 3 – CASH, 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 $1,055.6 million as of June 30, 2020. Under the GASB Statement No. 40 definitions, $58.0 million of the State's total bank balance of $1,301.3 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 $454.4 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 $1,396.4 million shown on the government-wide *Statement of Net Position* are net of $290.2 million in allowance for doubtful accounts and primarily comprise the following:

- $438.6 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 $373.3 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.

- $597.3 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.

INVENTORIES

Inventories of $199.3 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 - $10.0 million.

- $100.4 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 by Labor.

- $11.3 million of manufacturing inventories recorded by Correctional Industries, a nonmajor enterprise fund.

PREPAIDS, ADVANCES, AND DEPOSITS

Prepaids, Advances, and Deposits of $998.8 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $830.2 million advanced federal Coronavirus Relief Funds that remained unspent as of June 30, 2020, which primarily consisted of $433.5 million advanced to higher education institutions, 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 social assistance programs.

- $27.1 million prepaid by Higher Educational Institutions, of which $4.2 million primarily related to cash payments for library subscriptions at Colorado State University.

- $16.3 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.

- $6.3 million prepaid from the Marijuana Tax Cash Fund of which $6.2 million 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 $883.6 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 $583.4 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 $110.8 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)

Footnote Amounts	Carrying Amount
Deposits (Note 3)	$ 1,055,571
Investments:	
Governmental Activities	12,395,150
Business-Type Activities	3,664,638
Fiduciary Activities	9,346,644
Total	$ 26,462,003
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 7,669,518
Add: Warrants Payable Included in Cash	396,123
Total Cash and Pooled Cash	8,065,641
Add: Restricted Cash	2,607,787
Add: Restricted Investments	1,388,470
Add: Investments	14,400,105
Total	$ 26,462,003

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure, the State will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the State's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the State's name.

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

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

(Amounts in Thousands)

	Governmental Activities			
	Treasurer's Pool	General Fund	Other Governmental	Total
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury 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
Certificates of Participation	-	323,516	1,073,582	1,397,098
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	-	-	73,872	73,872
SUBTOTAL	9,617,857	335,521	2,440,855	12,394,233
SUBJECT TO CUSTODIAL CREDIT RISK				
Money Market Mutual Funds	-	-	917	917
SUBTOTAL	-	-	917	917
TOTAL	$ 9,617,857	$ 335,521	$ 2,441,772	$ 12,395,150

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
Certificates of Participation	2,251	-	2,251	-
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	244,647	15,667	260,314	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
Investment In Foundation Pool	-	-	-	-
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	35,090	-	35,090	944
SUBTOTAL	468,912	-	468,912	9,242,296
TOTAL	$ 3,648,971	$ 15,667	$ 3,664,638	$ 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	70,643	-	61,733	121,273	1,528	369,068	18,616	-	-	9,376	652,237
Aa/AA/AA	84,685	-	35,532	14,959	-	-	120,305	-	-	27,980	283,461
A/A/A	3	-	174,972	7,786	31	-	-	-	-	1,731	184,523
Baa/BBB/BBB	6	-	207,130	4,184	-	-	409	-	-	791	212,520
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	95,924	-	4,551	36,080	1,481	659	52,017	-	86,446	19,588	296,746
Total Higher Ed	251,261	2,002	497,689	186,342	3,040	369,727	191,347	-	86,446	59,466	1,647,320
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	$ 550,395	$ 386,971	$ 4,419,207	$ 879,459	$ 728,567	$ 4,418,736	$ 3,636,340	$ 215,272	$ 246,132	$ 110,867	$ 15,591,944

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/Bonds	$ 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:

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, 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	-
Certificates of Participation	1,399,350	-	-	1,399,350
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	147,704	5,891	17,958	123,855
Total	$ 24,888,306	$ 15,365,760	$ 7,348,125	$ 2,174,421
Total investments measured at NAV	157,064			
Total other investments not valued at fair value	361,064			
Total	$ 25,406,434			

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.

The Colorado State Land Board held investments in buildings with a fair value of $71.4 million. The value of these buildings is determined annually in collaboration between State Land Board management and State Land Board Real Estate Division.

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, and the High Performance Transportation Enterprise of $8.6 million. The remainder was attributable to 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)

GOVERNMENTAL ACTIVITIES		Depreciation Amount
General Government	$	59,367,962
Business, Community and Consumer Affairs		4,099,077
Education		36,698,802
Health and Rehabilitation		13,414,093
Justice		54,455,235
Natural Resources		671,540
Social Assistance		17,102,270
Transportation		330,616,261
Total Depreciation Expense - Governmental Activities		516,425,241
BUSINESS-TYPE ACTIVITIES		
Higher Education		470,977,024
Parks and Wildlife		13,721,384
State Nursing Homes		1,940,655
Unemployment Insurance		2,399,840
Transportation		19,320,392
Other Enterprise Funds		2,689,530
Total Depreciation Expense - Business-Type Activities		511,048,825
Total Depreciation Expense Primary Government	$	1,027,474,066

The schedule on the following page shows the capital asset activity during Fiscal Year 2020. The schedule shows that $228.1 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	867,076	(253,588)	(30,814)	1,540,488
Infrastructure	1,024,706	63	15,570	-	1,040,339
Total Capital Assets Not Being Depreciated	2,121,606	868,686	(228,107)	(30,824)	2,731,361
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	68,781	7,751	5,364	(35)	81,861
Buildings	3,363,608	11,306	30,864	(6,364)	3,399,414
Software	541,439	2,595	14,799	(2,839)	555,994
Vehicles and Equipment	980,135	67,015	4,461	(21,806)	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	172,619	(77,623)	12,502,685
Total Capital Assets Being Depreciated	17,404,423	89,051	228,107	(109,184)	17,612,397
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)	(54,782)	-	2,940	(364,587)
Vehicles and Equipment	(602,110)	(68,059)	-	30,659	(639,510)
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)	(513,882)	-	44,806	(7,772,182)
Total Capital Assets Being Depreciated, net	10,101,317	(424,831)	228,107	(64,378)	9,840,215
TOTAL GOVERNMENTAL ACTIVITIES	12,222,923	443,855	-	(95,202)	12,571,576
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	733,399	(368,936)	(12,280)	1,514,492
Other Capital Assets	15,461	-	-	-	15,461
Infrastructure	95,441	-	2,601	-	98,042
Total Capital Assets Not Being Depreciated	1,952,976	768,687	(364,383)	(22,306)	2,334,974
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	846,783	3,297	41,926	(1,025)	890,981
Buildings	10,239,297	94,213	249,185	(45,438)	10,537,257
Software	220,640	4,245	2,554	(5,519)	221,920
Vehicles and Equipment	1,270,225	95,850	5,334	(39,596)	1,331,813
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	297,315	364,383	(93,231)	14,923,440
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(455,993)	(36,507)	-	958	(491,542)
Buildings	(3,843,863)	(328,633)	-	22,881	(4,149,615)
Software	(193,599)	(10,571)	-	4,768	(199,402)
Vehicles and Equipment	(936,022)	(91,287)	-	36,781	(990,528)
Library Materials and Collections	(474,373)	(23,232)	-	1,642	(495,963)
Other Capital Assets	(1,906)	(121)	-	-	(2,027)
Infrastructure	(107,660)	(20,696)	-	-	(128,356)
Total Accumulated Depreciation	(6,013,416)	(511,047)	-	67,030	(6,457,433)
Total Capital Assets Being Depreciated, net	8,341,557	(213,732)	364,383	(26,201)	8,466,007
TOTAL BUSINESS-TYPE ACTIVITIES	10,294,533	554,955	-	(48,507)	10,800,981
TOTAL CAPITAL ASSETS, NET	$ 22,517,456	$ 998,810	$ -	$ (143,709)	$ 23,372,557

NOTE 6 – DEFINED BENEFIT PENSIONS

Summary of Significant Accounting Policies
The State of Colorado is a participating employer in the SDTF and the JDTF, both cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees' Retirement Association of Colorado ("PERA"). The State of Colorado is also a governmental nonemployer contributing entity in the SDTF, JDTF, School, and DPS Divisions. The net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense, aid to other governments, information about the fiduciary net position, and additions to/deductions from the fiduciary net position of the SDTF, JDTF, School, and DPS Divisions have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension 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, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lesser of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SDTF and for the JDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For the SDTF, State Troopers whose disability is caused by an on-the-job injury are immediately eligible to apply for disability benefits and do not have to meet the five years of service credit requirement. For the JDTF, the five year requirement is not applicable to active judges. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions

Eligible employees and the State are required to contribute to the SDTF 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 $726.4 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	$ 9,265,777	$ 85,727	-	-	$ 9,351,504
Employees of other governments	49,203	582	1,681,628	202,321	1,933,734
Total	$ 9,314,980	$ 86,309	$ 1,681,628	$ 202,321	$ 11,285,238

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 Trust Fun	12/31/2018	12/31/2019	Increase (Decrease)
State	95.40%	95.49%	0.08%
Judicial	94.06%	94.28%	0.22%

As a Governmental Nonemployer Contributing Entity

	Proportionate Share		
PERA Division Trust Fun	12/31/2018	12/31/2019	Increase (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	$(1,795,811)	$ (6,903)	-	-	$ (1,802,714)
Aid to other governments	20,123	211	722,841	79,128	822,303
Total	$(1,775,688)	$ (6,692)	$ 722,841	$ 79,128	$ (980,411)

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

(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	$ 346,190	$ 1,839	$ -	$ -
Changes of assumptions or other inputs	-	-	2,657,625	14,113
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	193,468	28,855	160,307	4,065
Contributions subsequent to the measurement date	312,093	-	-	-
Total	$ 851,751	$ 30,694	$ 3,816,210	$ 23,479

Deferred outflows of resources of $312.1 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	(2,693,104)
2022	(195,326)
2023	(39,390)
2024	(341,528)
2025	-
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	$ 12,367	$ 84	$ -	$ -
Changes of assumptions or other inputs	5,359	36	61,799	419
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	337	297
Contributions subsequent to the measurement date	5,322	-	-	-
Total	$ 23,540	$ 1,134	$ 83,923	$ 864

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	(18,581)
2024	(7,156)
2025	(1)
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	$ 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 Divison Trust Fund	School Division Trust Fund	DPS Divison Trust Fund
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.40 percent	2.40 percent	2.40 percent	2.40 percent
Real wage growth	1.10 percent	1.10 percent	1.10 percent	1.10 percent
Wage inflation	3.50 precent	3.50 precent	3.50 precent	3.50 precent
Salary increases, including wage inflation	3.50 - 9.17 percent	4.00 - 5.00 percent	3.50 - 9.70 percent	3.50 - 9.70 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Discount rate	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 compounded annually	1.25 percent compounded annually	1.25 percent compounded annually	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

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 applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

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

For 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%)	1% Increase (8.25%)
		Liability	
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 $5.2 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 $33.9 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, 2018, 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 $20.8 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	$ 1,221	$ 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	9,966	17,594
Contributions subsequent to the measurement date	16,431	-
Total	$ 30,672	$ 85,592

$16.4 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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	$ (14,748)
2022	(14,747)
2023	(12,968)
2024	(15,159)
2025	(12,955)
Thereafter	(774)

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 $279 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

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. Surviving spouses and dependents are also eligible for benefits. The University specifies the maximum amount that it will contribute towards employee medical and dental 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 start at $561 per month and are higher depending on the plan selected and number of individuals covered. For Medicare retirees, the subsidy is either $678 per month or $978 per month depending on the number of individuals covered. For dental plans, the subsidy ranges from $28 per month to $55 per month. The amount of life insurance offered is the lesser of 25 percent of the employee's pre-retirement benefit of $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. The individual must retire with PERA concurrent with or prior to retirement from the University. 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 that 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 the University OPEB Plan is voluntary. University and participant payments for healthcare benefits are paid to the Trust (see Note 18) which is responsible for administration of healthcare benefits.

The University contributed $15.6 million for the year ended June 30, 2020. At June 30, 2020, the University reported a total OPEB liability of $712.9 million. The University recognized $47.0 in OPEB expense for the University OPEB Plan in Fiscal Year 2020. There are no assets accumulating in trust for the University OPEB plan. Table 9.1 details the changes in the University's total OPEB plan liability during Fiscal Year 2020.

Reconciliation of University's 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

The following table illustrates the deferred outflows and inflows of resources 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 University made contributions of $16,1 million during Fiscal Year 2020 that impacted the total OPEB liability and were treated as a deferred outflow of resources.

The following table lists the amortization bases included in the University’s OPEB deferred outflows and inflows of resources as of June 30, 2020.

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

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
July 1, 2017	Liability experience	7.4	4.4	$ (87,654)	(52,119)	(11,845)
July 1, 2017	Assumption change	7.4	4.4	(46,406)	(27,593)	(6,271)
July 1, 2018	Liability experience	7.5	5.5	(1,728)	(1,268)	(230)
July 1, 2018	Assumption change	7.5	5.5	35,919	26,341	4,789
July 1, 2019	Liability experience	7.5	6.5	(209,938)	(179,346)	(27,592)
July 1, 2019	Assumption change	7.5	6.5	3,678	3,188	490
	Total Charges			$ (306,129)	$ (230,797)	$ (40,659)

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 ended June 30, 2021. The $15.5 million reported as deferred outflows of resources as of June 30, 2019, resulting from contributions subsequent to the measurement date, were recognized as a reduction to the University’s OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows related to the University’s OPEB liability will be recognized in OPEB expense as summarized in the following table.

Future Amortization of University's OPEB Deferred Outflows and Inflows *(in thousands)*		
Years ending June 30:		
2020	$	(40,659)
2021		(40,659)
2022		(40,659)
2023		(40,659)
2024		(29,791)
2025-2026		(38,370)
Total	$	(230,797)

The following table illustrates the impact of interest rate sensitivity and healthcare trend rate on the University's total OPEB liability using rates that are one percentage point lower or one percentage point higher than current rates for the fiscal year ending June 30, 2020.

Sensitivity of University's Total OPEB Liability *(in thousands)*			
	1% Decrease	Discount Rate	1% Increase
Fiscal Year Ending June 30, 2020	2.50%	3.50%	4.50%
1% decrease	693,543	597,522	520,248
Health Care Trend Rates	839,627	712,892	612,579
1% increase	1,034,273	863,922	731,456

Actuarial Assumptions.

The actuarial valuation for the fiscal year ending June 30, 2020 had a measurement date of June 30, 2019, and was based on March 1, 2019 census data, in which there were 20,889 participants in the medical/dental plan, with 18,417 active employees and 2,472 retirees and beneficiaries, and 25,476 participants in the life insurance plan, with 20,506 active employees and 4,970 retirees and beneficiaries.

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal actuarial cost method is used. The discount rate used in the valuation is 3.50 percent as of the June 30, 2019 measurement date, and is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. Health care 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. The health care trend assumption reflects health care cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). The base inflation assumption is 2.5%. Trend rates used are included in the following table.

University's OPEB Actualrial Trend Rates *(in thousands)*

	Pre-65			Post-65		
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%

The June 30, 2018 measurement date used the PUB-2010 “Teachers” table with generational projection using Scale MP-2018. The June 30, 2019 valuation updated the mortality table to the PUB-2010 “Teachers” table with generational projection using Scale MP-2019.

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 $17.7 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 $166,936,000 during the year ended June 30, 2020. The employees' contribution under the ORP approximated $83,214,000 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 $1.7 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 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 $40,000,000 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), and $2.0 million umbrella liability ($10,000 self-insured retention). 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 ($0 deductible), $4.0 million of employment practices liability ($25,000 deductible), $3.0 million of umbrella liability ($10,000 self-insured retention), $1.0 million of employee dishonesty ($10,000 deductible), $665.5 million of property ($100,000 deductible), $750,000 of inland marine ($5,000 deductible), and $1.0 million of aviation ($0 deductible). Before Fiscal Year 2018, the University was covered under the State's risk management program. There were no significant reductions in insurance coverage in Fiscal Year 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), $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	35,733	84,427
Total Capital Assets Under Lease, Gross	103,630	56,112	159,742
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	$ 36,027	$ 89,783

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 $78.3 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)

	Operating Leases		Capital Leases			
			Governmental Activities		Business-Type Activities	
Fiscal Year(s)	Governmental Activities	Business-Type Activities	Principal	Interest	Principal	Interest
2021	$ 52,008	$ 31,497	$ 27,212	$ 3,544	$ 5,832	$ 1,033
2022	47,743	29,423	25,974	2,852	5,231	871
2023	42,011	22,886	17,958	1,848	4,895	713
2024	39,508	19,420	13,578	1,259	3,482	563
2025	35,071	16,978	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, 2019, as required by the State Constitution.

Statutes authorize the State Treasurer to issue notes and lend the proceeds to local school districts in anticipation of local school district revenues to be collected at a later time. On July 18, 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. 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 the fall of 2019, $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 VRDB series 2020B1.

On June 20, 2018, the Board of Governors of the Colorado State University System was authorized to issue Commercial Paper Notes in the aggregate principal amount not to exceed $50.0 million as part of the Series A and Taxable Series B issuance. The maturity date of any notes issued may not exceed two hundred and seventy days from the date of issuance and no maturity may be later than March 1, 2037. Pursuant to the Bond Resolution, the obligations are payable solely from net revenues, as defined. The notes are being used to finance certain projects, as determined by the Board, including but not limited to: the construction, acquisition, renovation, improvement, and equipping of the Michael Smith Natural Resources Building in Fort Collins; the Richardson Design Center in Fort Collins; the Institute for Biological and Translational Therapies in Fort Collins; the JBS Global Food Innovation Center in Honor of Gary and Kay Smith in Fort Collins; the Residence and Dining Corbett remodel project; and the Western Slope CVMBS/Extension Project; any other improvements to any of the campuses for which the Board has spending authority; and such other capital projects as may be designated by the Board (collectively the "Commercial Paper Improvement Projects").

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	Certificates of Participation		Totals	
Year	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 Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals 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	(345)	254	(345)
Totals	$ 4,585	$ 143	$ 93,789	$ 47,700	$ 98,374	$ 47,843

(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
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 Principal	Revenue Bonds Interest	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2021	$ 8,149	$ 6,101	$ 1,111	$ 1,396	$ 575	$ 405	$ 9,835	$ 7,902
2022	9,359	5,777	1,097	1,362	2,570	451	13,026	7,590
2023	9,439	5,522	7,391	2,382	2,090	372	18,920	8,276
2024	10,674	5,233	17,044	3,081	2,065	323	29,783	8,637
2025	9,403	4,921	18,950	1,924	2,125	272	30,478	7,117
2026 to 2030	46,175	20,524	10,448	769	8,960	556	65,583	21,849
2031 to 2035	57,675	12,329	184	6	-	-	57,859	12,335
2036 to 2040	36,735	6,104	-	-	-	-	36,735	6,104
2041 to 2045	26,820	2,180	-	-	-	-	26,820	2,180
2046 to 2050	6,815	200	-	-	-	-	6,815	200
Subtotals	221,244	68,891	56,225	10,920	18,385	2,379	295,854	82,190
Unamortized Prem/Discount	2,548	-	-	-	(14)	-	2,534	-
Totals	$ 223,792	$ 68,891	$ 56,225	$ 10,920	$ 18,371	$ 2,379	$ 298,388	$ 82,190

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

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	5,685,784	12,450	560,263	$ 6,258,497
Total	$ 5,685,784	$ 12,450	$ 3,349,583	$ 9,047,817

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:

- A building near the Western State campus (related to direct borrowing/direct placement for business-type activities);
- Energy performance measures such as building improvements and equipment (related to direct borrowing/direct placement for business-type activities);
- A parking facility located at 1341 Lincoln Street in Denver (related to direct borrowing/direct placement for business-type activities);
- 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).

- For Notes Payable for Western State if the asset securing the note is demolished they have 30 days to pay the lender for any diminishment of value (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 ($12,838,370) and ($9,163,846) 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, .081 percent and 2.370 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 ($6,998,662) 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, 2020 and 2019 was $2,394,934 and $1,852,772, 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).

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 $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.

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	$ 885	$ (9,037)	$ 1,404	$ 806
Accrued Compensated Absences	180,777	46,264	(13,865)	213,176	15,719
Claims and Judgments Payable	210,488	46,660	(58,731)	198,417	46,660
Capital Lease Obligations	123,600	48,174	(51,952)	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	2,270	(4,490)	4,585	2,270
Net Pension Liability	9,377,357	-	(1,571,341)	7,806,016	-
Other Postemployment Benefits	284,264	-	(51,031)	233,233	-
Other Long-Term Liabilities	267,983	8,596	(47,445)	229,134	-
Total Governmental Activities Long-Term Liabilities	12,613,385	955,496	(1,859,506)	11,709,375	160,962
Business-Type Activities					
Deposits Held In Custody For Others	48,946	46,800	(48,921)	46,825	46,800
Accrued Compensated Absences	377,692	79,937	(31,260)	426,369	28,682
Claims and Judgments Payable	43,971	9,584	(7,114)	46,441	1,273
Capital Lease Obligations	37,402	10,139	(11,896)	35,645	5,832
Derivative Instrument Liabilities	14,193	21,214	-	35,407	-
Bonds Payable from Direct Borrowings and Direct Placements	220,589	67,194	(65,398)	222,385	8,149
Bonds Payable from Non-Direct Borrowings and Non-Direct Placements	4,231,974	875,832	(693,003)	4,414,803	136,517
Certificates of Participation from Direct Borrowings and Direct Placements	20,842	575	(3,046)	18,371	575
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	412,179	33,025	(70,327)	374,877	33,025
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	57,471	1,152	(2,397)	56,226	1,111
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Non-Direct Placements	10,514	388	(757)	10,145	388
Net Pension Liability	4,237,019	-	(667,598)	3,569,421	-
Other Postemployment Benefits	1,015,792	-	(172,446)	843,346	-
Other Long-Term Liabilities	112,280	16,055	(26,393)	101,942	-
Total Business-Type Activities Long-Term Liabilities	10,840,864	1,161,895	(1,800,556)	10,202,203	262,352
Fiduciary Activities					
Deposits Held In Custody For Others	1,371,617	1,835,379	(1,362,222)	1,844,774	1,834,163
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	1,858,504	(1,383,854)	1,867,931	1,857,149
Total Primary Government Long-Term Liabilities	$ 24,847,530	$ 3,975,895	$ (5,043,916)	$ 23,779,509	$ 2,280,463

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	42,820
Total	$ 2,181,885

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 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 2015C, Series 2015E-1, Series 2015E-2, and Series 2017C. 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 3.03 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 $925,515 that will be amortized as an adjustment of interest expense over the remaining 14 years of the new debt.

The Colorado Bridge Enterprise issued $24,485,000 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 2022. Beginning in 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, 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 2020, approximately $50,000 in 2021, and approximately $200,000 in 2022 for the project's completion. Beginning in 2023, the State's share of operation and monitoring costs will be 10 percent and will continue through 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	-	28,469
Other	3,026	41
Other Post Employment Benefits	22,114	57,149
Pensions	2,336,571	275,924
	2,388,473	523,049
Deferred Inflows of Resouces		
Refunding Gains	-	747
Nonexchange Transactions	-	2
Other	17,390	1,684
Unavailable Revenue	796	-
Service Concession Arrangements	-	130,739
Other Post Employment Benefits	49,589	314,722
Pensions	3,637,259	1,482,962
	$ 3,705,034	$ 1,930,856

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

The beginning net position was restated as a result of the following prior period adjustment:

Department of Natural Resources (Parks and Wildlife): Correct prior year depreciation.

History Colorado: Correction of completion dates and depreciation on the History Colorado Center at 12th and Broadway.

(Amounts in Thousands)

	General Funds Balance Sheet Reconciled to Statement of Net Position
Subject	Other Measurement Focus Adjustments
DNR	9,301
History Colorado	2,544
	11,845

B. ACCOUNTING CHANGES

Increased net position related to the implementation of Statement No. 84 of the Governmental Accounting Standards Board - *Fiduciary Activities.* This change in accounting principle resulted in an increase in ending net position for the Higher Education Institutions Fund of $2.4 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	$ 399,152	$ 446,193	$ 25,805
Business, Community and Consumer Affairs	-	92,070	-
Education	424,376	22,656	-
Health and Rehabilitation	-	4,234	-
Justice	-	6,237	-
Natural Resources	-	405	-
Social Assistance	-	59,651	-
Transportation	-	-	-
TOTAL	$ 823,528	$ 631,446	$ 25,805
FEDERAL SPECIAL REVENUE	21,350	-	-
TOTAL	$ 21,350	$ -	$ -
OTHER GOVERNMENTAL FUNDS			
General Government	$ 345,209	$ 1,949,366	$ -
Business, Community and Consumer Affairs	38,058	533,115	-
Education	174,737	79,351	-
Health and Rehabilitation	16,711	82,697	-
Justice	2,243	195,671	-
Natural Resources	21,210	1,109,552	-
Social Assistance	581	64,597	-
Transportation	817,101	121,741	-
TOTAL	$ 1,415,850	$ 4,136,090	$ -

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 seven and twenty-five hundredths percent of General Purpose Revenue Fund appropriations less exceptions pursuant to Section 24-75-201.1(2) C.R.S. Section 24-75-201.5(1)(a) C.R.S. further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. In Fiscal Year 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 7 of the State Constitution created the Old Age Pension Stabilization Fund, which is reported as a component of the General Fund – Special Purpose Funds. The fund is maintained at $5.0 million and is only accessible through appropriation for old age pension basic minimum awards. Historically, the reserves in the fund have not been accessed.

MINIMUM FUND BALANCE POLICIES

The appropriations process and statutory structure that governs State fiscal matters generally does not provide for the ability to set aside fund balances outside of those processes. However, in limited circumstances, boards and committees have fiscal policy and/or rulemaking authority. 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	$ (25,106)	$ -
Correctional Industries	(30,701)	-
State Nursing Homes	(55,331)	-
Petroleum storage Tank	(7,103)	-
Central Services	-	(10,157)
Information Technology	-	(278,707)
Capitol Complex	-	(8,485)
Highways	-	(2,123)
Administrative Courts	-	(14,047)
Legal Services	-	(86,969)
Other Internal Service Funds	-	(4,516)
	$ (118,241)	*$ (405,004)*

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	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Other Enterprises
DUE TO						
General	$ -	$ -	$ 29,666	$ 702	$ 16,903	$ 15,460
Federal Special Revenue	-	-	-	-	-	-
Other Governmental Funds	324,662	-	906	6	139,532	24,041
Higher Education Institutions	8,380	-	3,161	-	-	294
Other Enterprises	2,728	-	33	126	-	3,865
Internal Service Funds	93	-	156	14	-	-
Pension and Other Employee Benefit Trust	24	-	11	1,823	-	-
Private Purpose Trust	-	-	-	-	-	12,022
Total	$ 335,887	$ -	$ 33,933	$ 2,671	$ 156,435	$ 55,682

(DOLLARS IN THOUSANDS)	DUE FROM Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Agency	Total
DUE TO					
General	$ 494	$ 3	$ -	$ -	$ 63,228
Federal Special Revenue	-	-	-	-	-
Other Governmental Funds	70	-	-	134	489,351
Higher Education Institutions	-	1	-	-	11,836
Other Enterprises	-	-	317	-	7,069
Internal Service Funds	-	-	-	-	263
Pension and Other Employee Benefit Trust	2	-	-	-	1,860
Private Purpose Trust	-	-	-	-	12,022
Total	$ 566	$ 4	$ 317	$ 134	$ 585,629

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 amount 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 $29.7 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.

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 $15.5 million due to the General Fund from Other Enterprises reflects 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.

INTERFUND TRANSFERS

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

(DOLLARS IN THOUSANDS)	TRANSFER FROM General	Federal Special Revenue	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Unemployment Insurance
TRANSFER TO						
General	$ -	$ 3	$ 459,369	$ 6,336	$ 16,453	$ 2,755
Other Governmental Funds	827,458	-	302,634	-	-	-
Higher Education Institutions	312,966	-	167,985	-	-	-
Transportation Enterprise	40	-	-	-	-	-
Unemployment Insurance	56	-	-	-	-	-
Other Enterprises	5,381	-	5,797	-	-	-
Internal Service Funds	47	-	4,965	-	-	-
Pension and Other Employee Benefit Trust	-	-	1,576	-	-	-
Private Purpose Trust	1	-	-	-	-	-
Total	$ 1,145,949	$ 3	$ 942,326	$ 6,336	$ 16,453	$ 2,755

(DOLLARS IN THOUSANDS)	TRANSFER FROM Other Enterprises	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Total
TRANSFER TO					
General	$ 74,025	$ 6,916	$ 205	$ 35	$ 566,097
Other Governmental Funds	21	81	-	-	1,130,194
Higher Education Institutions	-	-	-	-	480,951
Transportation Enterprise	-	-	-	-	40
Unemployment Insurance	-	-	-	-	56
Other Enterprises	14,244	-	-	-	25,422
Internal Service Funds	-	366	-	-	5,378
Pension and Other Employee Benefit Trust	-	-	-	-	1,576
Private Purpose Trust	-	-	-	-	1
Total	$ 88,290	$ 7,363	$ 205	$ 35	$ 2,209,715

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 $827.5 million transferred from the General Fund to Other Governmental Funds includes $283.6 million to the Highway Users Tax Fund and $175.7 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 $459.4 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.

There were $302.6 million of transfers among Other Governmental Funds. These primarily consist of $172.6 million transferred from the Capital Projects Fund to the Highway Users Tax Fund.

$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.

- $162.9 million (net) pledged by Colorado State University to secure $87.4 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 55.1 percent of the total revenue stream, and $1.7 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.

- $37.7 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 44.3 percent of the net total auxiliary, extended studies, and student fee revenue streams; 100 percent of gross facility & admin cost recoveries; and 10 percent of gross general fund tuition revenue. $202.9 million of the pledge (principal and interest) remains outstanding.

- $10.3 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 53.7 percent of the net and 100 percent of the gross auxiliary revenue stream. $768.0 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	Interest	Total
Higher Education Institutions	$ 2,421,395	$ (673,165)	$ 1,748,230	$ 186,477	$ 155,414	$ 341,890
Statewide Bridge Enterprise	112,362	-	112,362	-	17,699	17,699
	$ 2,533,757	$ (673,165)	$ 1,860,592	$ 186,477	$ 173,113	$ 359,589

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 $48.9 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, $10.0 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. In addition, CMS seeks the disallowance of approximately $5.0 million in payments to the

State for services provided at the State-operated Pueblo Regional Center (PRC) alleging violations of federal requirements regarding the administration of the Medicaid Home and Community-based Services Waiver Program for the Developmentally Disabled. The State filed an appeal in October 2016, and the likelihood of an unfavorable outcome is uncertain.

General Litigation

The State is a defendant in a number of lawsuits or is subject to potentially be named as a party to lawsuits that are associated with its normal governmental operations. Although the outcomes are uncertain, some of these litigations could involve substantial losses. However, the State believes in most cases that it will not incur a resulting liability that would have a material or adverse effect on the State's financial condition. Should the State incur a loss through an unfavorable outcome, some of the losses may be covered through liability insurance.

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 $17.5 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 four 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.

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 is 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 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%.

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 September 4, 2020, Metropolitan State University of Denver's Board of Trustees voted to assume the forward starting interest rate swap of the HLC@Metro Inc. On April 17, 2020, the University issued $47.7 million of Series 2020 Institutional Enterprise Revenue Bonds. The purpose of the University's Series 2020 Bonds was to pay off (defease) the HLC@Metro Inc.'s Series 2010 Bonds in order to provide greater flexibility in the allowable uses of the hotel. When the COVID-19 pandemic struck and predictions about the number of cases rose, the State of Colorado needed to plan for additional hospital capacity. The hotel would have been a possible solution to provide additional beds for hospital patient overflow, but the HLC@Metro Inc.'s Series 2010 Bonds would not allow for this unconventional use of the hotel space. In order to serve our community and the needs of the State, the University issued the Series 2020 Bonds, which expanded the permitted uses of the hotel to include using the hotel as a hospital facility. The University's Series 2020 Bond proceeds were used to purchase all of HLC@Metro Inc.'s assets and liabilities, including the hotel, and the HLC@Metro Inc. used the proceeds of that sale to defease the Series 2010 Bonds. As a part of the University's purchase of the hotel, all the financial obligations had to be moved from the HLC@Metro Inc. to the University along with the related contracts and agreements. One such agreement is the HLC@Metro Inc.'s fixed-to-floating interest rate swap, which was executed in April 2018. The HLC@Metro Inc.'s bonds could not be redeemed and refinanced in 2018, but interest rates were low so in order to take advantage of the prevailing low interest rates the HLC@Metro Inc. agreed to lock in a fixed rate with a forward starting interest rate swap. The University's Series 2020 Bonds are a variable rate obligation and were issued to provide a variable interest rate to be swapped to a fixed interest rate pursuant to the interest rate swap. Pursuant to the interest rate swap, the University will pay RBC Bank a fixed rate of 2.451% per annum. RBC Bank will pay the University 80% of LIBOR. 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 4.612%. The transfer of the interest rate swap will require the University to record a non-current liability and a deferred outflow in the amount of the fair value of the interest rate swap option at the time of the entry. These entries were recorded by the HLC@Metro Inc., as of June 30, 2020, and totaled $11.5 million. This amount totaled $11.4 million on September 4 2020, the date the Board of Trustees voted to approve this transfer.

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 September 4, 2020, the Department of Labor and Unemployment borrowed $143.4 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 December 31, 2020.

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			$ 3,396,931	
Income Taxes			7,886,601	
Other Taxes			305,236	
Sales and Services			2,190	
Interest Earnings			32,602	
Other Revenues			23,382	
Transfers-In			354,706	
TOTAL REVENUES AND TRANSFERS-IN			12,001,648	
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			$ 303,191	

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			3,123,925	
Sales and Services			1,469,613	
Interest Earnings			47,186	
Other Revenues			788,246	
Transfers-In			1,680,240	
Capital Contributions			317	
TOTAL REVENUES AND TRANSFERS-IN			7,878,240	
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	319,269	269,322	49,947
Health Care Policy and Financing	1,463,591	1,488,778	1,365,042	123,736
Higher Education	3,282,047	3,267,490	2,815,878	451,612
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	138,618	41,699	96,919
Treasury	54,754	54,797	31,778	23,019
SUB-TOTAL OPERATING BUDGETS	8,548,818	8,522,905	7,359,502	1,163,403
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	$ 8,906,890	7,467,973	1,438,917
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 410,267	

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			$ 6,449,760	
TOTAL REVENUES AND TRANSFERS-IN			6,449,760	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 5,747,994	$ 6,002,779	6,033,735	$ (30,956)
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	6,429,973	9,155
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 6,139,690	$ 6,439,128	6,429,973	$ 9,155
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 19,787	

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

REQUIRED SUPPLEMENTARY INFORMATION
RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2020

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUNDS		
	GENERAL	FEDERAL SPECIAL REVENUE FUND	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:			
Revenues and Transfers-In Appropriated (Required Supplementary Information):			
General	$ 11,811,365	$ -	$ 190,281
Cash	976,142	-	2,121,300
Federal	4,039,521	-	4,772
Sub-Total Revenues and Transfers-In Appropriated	16,827,028	-	2,316,353
Revenues and Transfers-In Non-Appropriated (Supplementary Information):			
General	1,258,788	-	-
Cash	5,338,673	3,336	5,078,022
Federal	2,629,748	1,848,796	983,251
Sub-Total Revenues and Transfers-In Non-Appropriated	9,227,209	1,852,132	6,061,273
Total Revenues and Transfers-In Appropriated and Non-Appropriated	26,054,237	1,852,132	8,377,626
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):			
General Funded	11,542,457	-	156,000
Cash Funded	972,682	-	2,127,312
Federally Funded	4,024,079	-	-
Expenditures/Expenses and Transfers-Out Appropriated	16,539,218	-	2,283,312
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):			
General Funded	1,120,868	-	-
Cash Funded	5,038,572	-	4,512,458
Federally Funded	2,638,148	1,848,796	888,994
Expenditures/Expenses and Transfers-Out Non-Appropriated	8,797,588	1,848,796	5,401,452
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	25,336,806	1,848,796	7,684,764
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	287,810	-	33,041
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	429,621	3,336	659,821
BUDGETARY BASIS ADJUSTMENTS:			
Increase/(Decrease) for Unrealized Gains/Losses	21,723	18,014	136,858
Increase for Budgeted Non-GAAP Expenditures	-	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	497,589	1,906,300	1,898,990
Increase/(Decrease) for GAAP Revenue Adjustments	(812,288)	(1,906,300)	(2,127,138)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	424,455	21,350	601,572
GAAP BASIS FUND BALANCES/NET POSITION:			
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	2,062,907	-	6,516,002
Accounting Changes (See Note 15B)	-	-	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	2,062,907	-	6,516,002
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 2,487,362	$ 21,350	$ 7,117,574

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**
$ -	$ -	$ -	$ -	$ -	$ -	$ 12,001,646	$ -
3,164,688	-	14,363	936,780	251,014	411,051	7,875,338	2,900
-	-	-	2,405,470	(3)	-	6,449,760	-
3,164,688	-	14,363	3,342,250	251,011	411,051	26,326,744	2,900
-	-	-	-	-	-	1,258,788	-
663,114	216,219	561,992	541	875,442	78,348	12,815,687	2,334,421
108,582	20,251	2,734,341	184,858	283,462	-	8,793,289	-
771,696	236,470	3,296,333	185,399	1,158,904	78,348	22,867,764	2,334,421
3,936,384	236,470	3,310,696	3,527,649	1,409,915	489,399	49,194,508	2,337,321
-	-	-	-	-	-	11,698,457	-
2,767,714	-	20,253	883,195	307,452	386,449	7,465,057	2,916
-	-	-	2,405,895	-	-	6,429,974	-
2,767,714	-	20,253	3,289,090	307,452	386,449	25,593,488	2,916
-	-	-	-	-	-	1,120,868	-
484,742	22,476	1,449,112	1,744	794,276	81,383	12,384,763	1,790,394
25,602	-	2,760,342	184,940	274,494	-	8,621,316	-
510,344	22,476	4,209,454	186,684	1,068,770	81,383	22,126,947	1,790,394
3,278,058	22,476	4,229,707	3,475,774	1,376,222	467,832	47,720,435	1,793,310
396,974	-	(5,890)	53,160	(56,441)	24,602	733,256	(16)
261,352	213,994	(913,121)	(1,285)	90,134	(3,035)	740,817	544,027
12	9,325	16	(171)	14,341	1,796	201,914	10,231
-	-	-	-	-	-	-	-
15,416	(13,469)	9,634	(73,524)	167,934	86,111	4,494,981	2,148
27,959	(2,155)	57	60,869	(36,260)	(894)	(4,796,150)	(2,012)
706,026	-	-	-	-	-	706,026	-
1,407,739	207,695	(909,304)	39,049	179,708	108,580	2,080,844	554,378
1,683,539	1,153,149	1,278,298	8,038	396,996	(506,485)	12,592,444	9,126,394
2,445	-	-	-	-	-	2,445	-
1,685,984	1,153,149	1,278,298	8,038	396,996	(506,485)	12,594,889	9,126,394
$ 3,093,723	$ 1,360,844	$ 368,994	$ 47,087	$ 576,704	$ (397,905)	14,675,733	$ 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 and Schools 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	95.99%	94.92%	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of Net Pension liability	$ 9,314,981	$ 10,918,046	$ 19,091,149	$ 17,539,728	$ 10,079,252	$ 9,016,144	$ 8,539,181
State's covered payroll	$ 2,751,093	$ 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	338.59%	334.61%	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	94.92%	94.91%	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of Net Pension liability	$ 86,309	$ 134,072	$ 218,136	$ 239,423	$ 172,824	$ 129,499	$ 102,756
State's covered payroll	$ 46,319	$ 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	186.34%	240.68%	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%

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the State and Judicial Divisions as of each fiscal year ending June 30, 2020:

State & Judicial Division

(Amounts In Thousands)

	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011
Contractually required contributions	$ 738,082	$ 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	(738,082)	(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	3,784,914	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	19.50%	19.23%	19.08%	18.64%	17.76%	16.87%	15.98%	14.62%	11.26%	12.84%

State Division

	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011
Contractually required contributions	726,404	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	(726,404)	(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	3,726,995	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	19.49%	19.26%	19.13%	18.68%	17.78%	16.88%	15.97%	14.63%	11.23%	12.83%

Judicial Division

	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015	FY2014	FY2013	FY2012	FY2011
Contractually required contributions	$ 11,678	$ 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	(11,678)	(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	57,919	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%

Denver Public Schools Division

	FY2020	FY2019
Contractually required contributions	$ 19,201	$ 18,622
Contributions in relation to the contractually required contributions	(19,201)	(18,622)
Contribution deficiency(excess)	-	-

Schools Division

	FY2020	FY2019
Contractually required contributions	$ 127,367	$ 126,505
Contributions in relation to the contractually required contributions	(127,367)	(126,505)
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.

<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>2015 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.

<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	$ 3,262,962	$ 3,318,668	$ 2,842,778	$ 2,797,414
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	11.28%	13.69%	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, 2020:

(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	$ 34,427	$ 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	(34,427)	(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	3,375,269	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

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

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 or December 31, 2018 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:

- Interest 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.

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

- Interest rate changed from 3.60 percent to 3.85 percent.
- Mortality table was updated to reflect the Public Retirement Plans Mortality Tables Report issued by the Society of Actuaries in January 2019. The specific assumption used 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:

- Interest 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.

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
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
Other excise taxes	105,100	106,000	106,979
Individual income tax, net	7,833,930	7,909,560	8,056,675
Corporate income tax, net	879,170	789,440	670,434
Insurance tax	327,800	327,100	337,418
Pari-mutuel, courts, and other	29,100	29,100	39,546
Investment income	14,900	28,100	31,090
Transfers-in from other funds	19,000	70,300	175,306
Amounts available for appropriation	13,486,645	13,528,045	13,517,769
Charges to appropriations (outflows):			
Agriculture	12,099	12,099	12,035
Corrections	885,094	884,108	874,065
Education	4,406,928	4,415,090	4,412,483
Governor	53,353	47,186	45,336
Health Care Policy and Financing	3,157,427	2,961,102	2,959,455
Higher Education	1,116,841	1,111,209	1,110,938
Human Services	1,056,022	1,018,172	1,009,570
Judicial Branch	616,146	606,133	594,069
Labor and Employment	25,834	25,536	25,264
Law	18,718	18,728	17,746
Legislative Branch	55,211	55,174	53,940
Local Affairs	50,805	49,084	46,361
Military and Veterans Affairs	11,616	11,284	10,967
Natural Resources	35,668	34,790	34,408
Personnel and Administration	17,757	16,348	16,244
Public Health and Environment	61,159	61,647	60,608
Public Safety	166,108	168,235	163,847
Regulatory Agencies	2,373	2,373	2,352
Revenue	229,756	448,954	426,945
State	8,419	8,419	9,451
Transportation	-	-	-
Treasury	833,839	797,172	664,549
Nondepartmental:			
Transfers-out to capital projects fund	-	112,692	112,692
Total charges to appropriations	12,821,173	12,865,535	12,663,325
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			(25,805)
Net of revenues not forecasted and expenditures not budgeted			148,629
Total budgetary reserves and amounts not forecasted or budgeted	452,900	452,900	608,988
Budgetary fund balance, June 30	$ 1,118,372	$ 1,115,410	$ 1,463,432

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.	$ 13,517,769
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	6,649,544
Fee revenues and other funding sources not forecasted	829,974
Other revenues not forecasted	(34,264)
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	(408,195)
Transfers are inflows of budgetary resources but are other financing sources for financial reporting purposes.	(345,857)
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	$ 19,824,996
Uses/outflows of resources and reserves:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	12,663,325
Differences - budget to GAAP:	
Expenditures of federal grants and contracts not budgeted	6,654,113
Fee revenue and other funding uses not budgeted	778,710
Other expenditures not budgeted	(136,198)
Transfers to other funds are outflows of budgetary resources but are other financing uses for financial reporting purposes.	(5,442,605)
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	$ 14,283,044

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.

COLORADO
Office of the State Controller
Department of Personnel & Administration

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APPENDIX B

FORMS OF THE MASTER INDENTURE, THE 2020R SUPPLEMENTAL INDENTURE, THE 2020R LEASE, THE 2020R SITE LEASE AND THE 2020R SUBLEASE

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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

TABLE OF CONTENTS

Page

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]

Separator Sheet

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FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2020R SUPPLEMENTAL TRUST INDENTURE

by

ZIONS BANCORPORATION, NATIONAL ASSOCIATION
as Trustee

authorizing

State of Colorado
Building Excellent Schools Today
Certificates of Participation
Tax-Exempt Series 2020R

Dated as of December 9, 2020

TABLE OF CONTENTS

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2020R SUPPLEMENTAL TRUST INDENTURE

This State of Colorado Building Excellent Schools Today Series 2020R Supplemental Trust Indenture (this "Series 2020R Supplemental Indenture") is dated as of December 9, 2020, 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 2020R Supplemental Indenture is a Supplemental Indenture and is being executed to provide additional terms applicable to the Series 2020R Certificates.

AGREEMENT

The Trustee hereby declares for the benefit of the Owners as follows:

ARTICLE I

SERIES 2020R 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 2020R Supplemental Indenture: State of Colorado Building Excellent Schools Today Certificates of Participation, Tax-Exempt Series 2020R.

Section 1.02. Principal Amounts, Dated Dates, Maturity Dates and Interest.

(a) The Series 2020R Certificates are hereby designated as Tax-Exempt Certificates.

(b) The aggregate principal amount of the Series 2020R Certificates shall be $98,030,000.

(c) The Authorized Denominations of the Series 2020R Certificates are $5,000 and any integral multiple thereof.

(d) The Series 2020R Certificates executed and delivered on the date the Series 2020R 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 2020R Certificate executed and delivered upon transfer and exchange of another Series 2020R 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 2020R 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 2020R Certificate shall bear interest from the date the Series 2020R Certificates are first executed and delivered.

(e) Interest on the Series 2020R Certificates shall be calculated based on a 360-day year consisting of twelve 30-day months.

(f) The Series 2020R 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**
2021	$ 3,465,000	5.000%
2022	1,645,000	5.000
2023	1,710,000	5.000
2024	1,785,000	5.000
2025	1,875,000	5.000
2026	1,970,000	5.000
2027	2,065,000	5.000
2028	2,170,000	5.000
2029	2,265,000	5.000
2030	2,380,000	5.000
2031	2,500,000	5.000
2032	2,625,000	5.000
2033	2,755,000	5.000
2034	2,890,000	5.000
2035	3,035,000	4.000
2036	2,270,000	4.000
2037	1,620,000	4.000
2038	1,685,000	4.000
2039	1,750,000	4.000
2040	1,820,000	4.000
2041	1,890,000	4.000
2045	51,860,000	4.000

Section 1.03. Redemption.

(a) ***Extraordinary Redemption Upon Occurrence of Event of Nonappropriation or Event of Default***. The Series 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R Certificate and such other Certificate, and no Owner of any such Series 2020R 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 2020R 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 2020R 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 2020R 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) ***Optional Redemption***. The Series 2020R 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, 2030, at a redemption price equal to the principal amount of the Series 2020R Certificates to be redeemed (with no premium), plus accrued interest to the redemption date.

Section 1.04. Form of Certificates. The Series 2020R 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 2020R Supplemental Indenture and is incorporated herein as if set forth in full in the body hereof.

ARTICLE II

SEPARATE ACCOUNTS AND SUBACCOUNTS FOR EACH SERIES OF CERTIFICATES

Section 2.01. Creation of Separate Accounts and Subaccounts. The Trustee shall create the separate accounts and subaccounts in the funds and accounts described below in order to account for the Lease Revenues paid with respect to each Series of Certificates, the proceeds of each Series of Certificates and earnings from the investment of moneys in each such account and subaccount. The name of each such account and subaccount shall include the Series designation of the appropriate Series of Certificates. The following are the separate accounts and subaccounts to be created:

(a) if the Costs of a Participating K-12 Institution's Project are to be funded from proceeds of more than one Series of Certificates, a separate Project Account for each such Series of Certificates;

(b) separate accounts of the State Expense Fund and the Rebate Fund;

(c) separate Sinking Fund Accounts for each Series of Qualified School Construction Certificates; and

(d) separate subaccounts of the Interest Account, the Principal Account, the Purchase Option Account and the Costs of Issuance Account.

Section 2.02. Separate Project Accounts. Notwithstanding any provision of Article III of the Master Indenture, if more than one Project Account is established for the payment of Costs of a Participating K-12 Institution's Project, moneys shall be disbursed from such Project Accounts to pay Costs of the Participating K-12 Institution's Project in the order determined by the State.

ARTICLE III

AMENDMENTS TO INDENTURE

Section 3.01. Amendment of Section 3.01(c)(ii)(A) of the Master Indenture. Section 3.01(c)(ii)(A) of the Master Indenture is amended to read as follows:

(A) principal of Qualified School Construction Certificates that are Sinking Fund Certificates shall be payable solely from the Sinking Fund Account with the same Series designation as such Series of Qualified School Construction Certificates;

Section 3.02. Amendment of Section 3.02(d)(i) of the Master Indenture. Section 3.02(d)(i) of the Master Indenture is amended to read as follows:

(i) Moneys held in each Project Account shall be disbursed to the Sublessee for whose Project the Account was established to pay, or reimburse the Sublessee for, Costs of the Project for which such Project Account was established upon receipt of a requisition in substantially the form attached hereto as Appendix A, signed by the Sublessee Representative and the State Representative. If a separate account has been created in the State Expense Fund (A) from which moneys are to be transferred to a Project Account that has been established to pay, or reimburse the Sublessee for, Costs of a Project to the extent moneys in such Project Account are not sufficient to pay, or reimburse the Sublessee for, Costs of such Project and (B) into which future earnings from the investment of moneys in such Project Account and/or other Project Accounts are to be deposited, then, at the written direction of the State, moneys in such Project Account also may be transferred to the Interest Account or the Principal Account of the Certificate Fund in an amount up to the amount of future earnings that are to be deposited into such Project Account.

Section 3.03. Amendment of Section 3.03 of the Master Indenture. Section 3.03 of the Master Indenture is amended by adding the following new subsection (d):

(d) **New Subaccounts of Series 2010F Account of State Expense Fund**. The Trustee shall create three new subaccounts within the Series 2010F Account of the State Expense Fund: the State Expense Fund Series 2010F Account Subaccount for Center Joint Consolidated School District No. 26 Account, the State Expense Fund Series 2010F Account Subaccount for School District No. 1 in the County of Adams (MAPLETON 1) and the State Expense Fund Series 2010F Account Subaccount for Akron School District No. R-1. Notwithstanding any other provision hereof:

(i) Future earnings from the investment of moneys in the Project Accounts funded with the proceeds of the 2010C Certificates, the 2010F Certificates, the 2011G Certificates and any additional Tax-Exempt Certificates shall be deposited into the following subaccounts, on a pro rata basis, until the balances in such subaccounts are equal to the amounts indicated: $482,519.98 into the State Expense Fund Series 2010F Account Subaccount for Center Joint Consolidated School District No. 26, $32,186.19 into the State Expense Fund Series 2010F Account Subaccount for District No. 1 in the County of Adams (MAPLETON 1) and $381,312.70 into the State Expense Fund Series 2010F Account Subaccount for Akron School District No. R-1.

(ii) Until the Trustee receives a Completion Certificate for the related Project, moneys in the following subaccounts of the State Expense Fund Series

2010F Account shall be transferred to the following Series 2010F Project Accounts: (A) moneys in the State Expense Fund Series 2010F Account Subaccount for Center Joint Consolidated School District No. 26 shall be transferred to the Series 2010F Project Account of Center Joint Consolidated School District No. 26 to the extent moneys in such Project Account are not sufficient to pay, or reimburse Center Joint Consolidated School District No. 26 for, Costs of its Project; (B) moneys in the State Expense Fund Series 2010F Account Subaccount for School District No. 1 in the County of Adams (MAPLETON 1) shall be transferred to the Series 2010F Project Account of School District No. 1 in the County of Adams (MAPLETON 1) to the extent moneys in such Project Account are not sufficient to pay, or reimburse School District No. 1 in the County of Adams (MAPLETON 1) Center Joint for, Costs of its Project; and (C) moneys in the State Expense Fund Series 2010F Account Subaccount for Akron School District No. R-1 shall be transferred to the Series 2010F Project Account of Akron School District No. R-1 to the extent moneys in such Project Account are not sufficient to pay, or reimburse Akron School District No. R-1 for, Costs of its Project.

(iii) After the Trustee receives a Completion Certificate for the related Project, the remaining moneys in the subaccount of the State Expense Fund Series 2010F Account for the related district shall be transferred to the Series 2010F Account of the State Expense Fund and shall be used to pay the Costs of any Project or the costs of any capital construction project as defined in the Act that qualify as capital expenditures for federal income tax purposes.

Section 3.04. Amended and Restated Form of Project Account Requisition. The form of Project Account Requisition attached as Appendix A to the original Master Indenture, as previously amended, is hereby amended and restated in its entirety in Appendix B hereto.

Section 3.05. Amended and Restated Glossary. In accordance with Section 8.01 of the Master Indenture, the Trustee hereby amends, supplements and restates the Glossary as set forth in Appendix D hereto based on the written direction by the State in the Series 2020R Lease and the written certification by the State in the 2020R Lease that, after such amendment, supplement and restatement the Glossary is accurate and that such amendment, supplement and restatement does not materially modify the substantive provisions of the Indenture, the Leases or the Site Leases.

Section 3.06. References to Subleases and Sublessees. In order to accommodate the leasing of Leased Property to the Trustee pursuant to a Site Lease by a Participating K-12 Institution's Chartering Authority and the financing of Projects for Participating K-12 Institutions that are not Sublessees pursuant to Participation Agreements, whenever, in the body of the Master Indenture or any appendix to the Master Indenture, except Appendices A and C to the original Master Indenture (which are amended and restated in their entirety pursuant to Section 3.02 and 3.03 hereof):

(a) the term "Sublessee" is used to refer to the lessor under a Site Lease, such term shall be replaced with "Site Lessor";

(b) the term "Sublessee" is used to refer to a Project of a Sublessee, the Project Account of a Sublessee, the financing of a Project for a Sublessee, the Costs of a Sublessee's Project or payments by a Sublessee pursuant to a Sublease, such term shall be replaced with "Participating K-12 Institution"; and

(c) the term "Sublease" is used, such term shall be replaced with "Sublease or Participation Agreement," except where the term Sublease is used with respect to the terms of a Sublease granting a Sublessee the option to purchase the Leased Property subject to its Sublease (because a Participating K-12 Institution that is not a Sublessee does not have the option to purchase any Leased Property).

Section 3.07. Manner of Giving Notices. The electronic mail address for notices to the State pursuant to Section 9.09 of the Master Indenture is hereby amended to read: 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 3.08. Separate Project Accounts. Section 2.02 of the Series 2010B-C Supplemental Indenture, Section 3.02 of the Series 2010D-F Supplemental Indenture and Section 2.02 of the Series 2011G Supplemental Indenture are amended to read as follows:

Notwithstanding any provision of Article III of the Master Indenture, if more than one Project Account is established for the payment of Costs of a Participating K-12 Institution's Project, moneys shall be disbursed from such Project Accounts to pay Costs of the Participating K-12 Institution's Project in the order determined by the State.

ARTICLE IV

CERTIFICATIONS, REPRESENTATIONS AND AGREEMENTS OF TRUSTEE

The Trustee hereby certifies, represents and agrees that all the certifications, representations and agreements of the Trustee set forth in Section 6.01 of the Master Indenture are true and accurate and makes the same certifications, representations and agreements under this Series 2020R Supplemental Indenture as if set forth in full herein.

ARTICLE V

MISCELLANEOUS

Section 5.01. Titles, Headings, Etc. The titles and headings of the articles, sections and subdivisions of this Series 2020R Supplemental Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 5.02. Interpretation and Construction. This Series 2020R 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 2020R Supplemental Indenture. For purposes of this Series 2020R Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) All references in this Series 2020R 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 2020R Supplemental Indenture. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Series 2020R Supplemental Indenture as a whole and not to any particular Article, Section or other subdivision.

(b) The terms defined in the Glossary have the meanings assigned to them in the Glossary and include the plural as well as the singular.

(c) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles applicable to governmental entities and subject to statutory exceptions and modifications, as in effect from time to time.

(d) The term "money" includes any cash, check, deposit, investment security or other form in which any of the foregoing are held hereunder.

(e) In the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and each of the words "to" and "until" means "to but excluding."

Section 5.03. Legal Description of Land Included in Leased Property.

(a) The legal description of the land included in the Leased Property subject to the 2020R Lease is set forth in Appendix C hereto. If the land included in the Leased Property subject to the 2020R Lease is modified pursuant to the terms of the 2020R Lease or other land is substituted for land included in the Leased Property subject to the 2020R Lease pursuant to the terms of the 2020R 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 2020R Lease after such modification or substitution.

(b) The Leased Property subject to the 2020R 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 and the Leased Property subject to the 2019Q Lease described in Appendix B to the Series 2019Q 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 and the Series 2019Q 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 and Appendix B to the Series 2019Q 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 and this Series 2020R 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 and (xv) the property described in Appendix C hereto.

Section 5.04. Execution in Counterparts. This Series 2020R Supplemental Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 5.05. Incorporation of Certain Miscellaneous Provisions of Master Indenture. The provisions of Sections 9.02, 9.03, 9.04, 9.05, 9.06, 9.09, 9.10, 9.11, 9.13 and 9.14 of the Master Indenture shall apply to this Series 2020R Supplemental Indenture as if set forth in full herein.

IN WITNESS WHEREOF, the Trustee has executed this Series 2020R 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 2020R Supplemental Indenture]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2020 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 2020R CERTIFICATE

[omitted for form of Series 2020R Supplemental Indenture appended to Official Statement]

APPENDIX B

FORM OF PROJECT ACCOUNT REQUISITION

[omitted for form of Series 2020R Supplemental Indenture appended to Official Statement]

APPENDIX C

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY SUBJECT TO THE 2020R LEASE

[omitted for form of Series 2020R Supplemental Indenture appended to Official Statement]

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APPENDIX D

GLOSSARY

"*Act*" means the Building Excellent Schools Today Act, part 1 of article 43.7 of title 22, C.R.S., as it may be amended from time to time.

"*Additional Rent*" means (a) when used with respect to amounts payable by the State pursuant to a Lease, the costs and expenses incurred by the State in performing its obligations under such Lease other than its obligations with respect to Base Rent and the State's Purchase Option Price; and (b) when used with respect to amounts payable by a Participating K-12 Institution pursuant to a Sublease or Participation Agreement, the costs and expenses incurred by the Participating K-12 Institution in performing its obligations under such Sublease or Participation Agreement other than its obligations with respect to the Sublessee's Purchase Option Price under such Sublease and its Matching Moneys obligations (whether in the form of cash, Base Rent, a Matching Moneys Bond and payments thereon or Matching Moneys Installment Payments). Amounts payable by a Participating K-12 Institution pursuant to a Sublease or Participation Agreement are not included in the Trust Estate.

"*Adverse Federal Direct Payment Event*" means an event that would (a) cause a Taxable Build America Certificate to fail to qualify as a qualified bond within the meaning of Section 54AA(g)(2) of the Code or (b) cause a Taxable Qualified School Construction Certificate to fail to qualify as a qualified tax credit bond within the meaning of Section 54A of the Code and as a qualified school construction bond with the meaning of Section 54F(a) of the Code.

"*Adverse Tax Event*" means:

(a) with respect to a Tax Credit Build America Certificate, an event that would cause the Certificate to fail to qualify as a build America bond within the meaning of Section 54AA(d) of the Code;

(b) with respect to a Taxable Build America Certificate, a Taxable Qualified School Construction Certificate or a Taxable No Tax Credit Certificate, the term Adverse Tax Event shall have no meaning;

(c) with respect to a Tax-Exempt Certificate, an event that would cause interest on the Certificate to be included in gross income for federal income tax purposes or to be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; 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 2020R Certificates, Kutak Rock LLP, and (b) as of any other date, Kutak Rock LLP or such other attorneys selected by the State with nationally recognized expertise in the issuance of municipal securities that qualify as Taxable Build America Certificates, Tax Credit Build America Certificates, School Construction Certificates and Tax-Exempt Certificates.

"*Building Excellent Schools Today Lease Purchase Agreement*" means a lease purchase agreement entered into by the State Treasurer on behalf of the State on the instructions of the

Assistance Board to provide financial assistance as defined in the Act to Eligible K-12 Institutions pursuant to section 22-43.7-110(2) of the Act.

"*Business Day*" means any day other than a Saturday, a Sunday or a day on which banks in New York, New York or Denver, Colorado are authorized by law to remain closed.

"*Capital Construction Fund*" means the special fund created by Section 3.02 of the Master Indenture.

"*Certificate Fund*" means the special fund created by Section 3.01 of the Master Indenture.

"*Certificates*" means all the certificates executed and delivered pursuant to the Master Indenture.

"*Charter*" means the charter granted to the charter school by the Chartering School District or other contract between the charter school and the Chartering School District under which the charter school operates.

"*Chartering Authority*" means the school district or State Charter School Institute that has granted or entered into a charter school's charter.

"*Code*" means the Internal Revenue Code of 1986, as amended, and regulations thereunder.

"*Colorado Recovery Act*" means the Colorado Recovery and Reimbursement Finance Act of 2009, C.R.S. title 11, article 59.7, as it may be amended from time-to-time.

"*Comparable Treasury Issue*" means, with respect to any Series of Certificates, the U.S. Treasury security selected by a Reference Dealer designated by the State as having a maturity comparable to the remaining term to maturity of the Series of Certificates to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Series of Certificates being redeemed.

"*Comparable Treasury Price*" means:

(a) with respect to the Series 2010B Certificates and any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) (or any successor release) that has become publicly available three business days prior to the date of redemption (excluding inflation-indexed securities) or (ii) if such release (or any successor release) is not published or does not contain such prices on such business day, (A) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee, or the independent accounting firm or financial advisor retained for such purpose, as applicable, is unable to obtain five such Reference Treasury Dealer Quotations, the average of all such quotations; and

(b) with respect to any Series of Certificates other than the Series 2010B Certificates and any redemption date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on a day at least three Business Days but no more than 45 Business Days preceding such redemption date, as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) (or any successor release) that has become publicly available prior to the date of redemption (excluding inflation-indexed securities) or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (B) if the Trustee or the independent accounting firm or financial advisor retained for such purpose, as applicable, is unable to obtain five such Reference Treasury Dealer Quotations, the average of all such quotations.

"*Completion Certificate*" for each Project is defined in the Sublease or Participation Agreement of the Participating K-12 Institution for which the Project was financed.

"*Completion Date*" for each Project is defined in the Sublease or Participation Agreement of the Participating K-12 Institution for which the Project was financed.

"*Contractor*" means any Person who performs Work in connection with a Project.

"*Costs*" or "*Costs of a Project*" means, with respect to each Project, the costs of capital construction (as defined in § 22-43.7-103(6) of the Act) of such Project that are incurred prior to the Completion Date for such Project.

"*Costs of Issuance*" means costs financed with the proceeds of a Series of Certificates (a) that are incurred in connection with the preparation, negotiation, execution and delivery of any Site Lease, Lease, Sublease, Participation Agreement or Matching Moneys Bond, the Indenture, the Certificates or any other document related thereto and due diligence, title and other nonconstruction costs incurred with respect to the Leased Property and the Projects, including, but not limited to, any fees and expenses of the Trustee, any fees and expenses of any underwriter or financial advisor that provides services in connection with the execution and delivery of any Certificates, costs of environmental assessments or reports and title insurance, legal fees and expenses, costs incurred in obtaining ratings from rating agencies, Certificate insurance premiums, costs of immediately available funds, costs of publication, printing and engraving, accountants' fees and recording and filing fees; and (b) (i) if proceeds of such Series of Certificates are deposited into one or more Project Accounts, such costs are incurred prior to the last Completion Date for a Project that is to be funded from one of such Project Accounts and (ii) if proceeds of such Series of Certificates are used to defease Certificates pursuant to the Master Indenture, such costs are incurred in connection with the defeasance of such Certificates.

"*Costs of Issuance Account*" means the account of the Capital Construction Fund created by and designated as such in Section 3.02(a) of the Master Indenture.

"*C.R.S.*" means Colorado Revised Statutes, as amended.

"Defeasance Securities" means Permitted Investments which are:

(a) cash;

(b) U.S. Treasury Certificates, Notes and Bonds, including State and Local Government Series ("SLGs");

(c) direct obligations of the U.S. Treasury which have been stripped by the Treasury itself and CATS, TIGRS and similar securities;

(d) Resolution Funding Corp. (REFCORP): only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form;

(e) pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by S&P; provided that if the issue is only rated by S&P (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA-rated pre-refunded municipal bonds;

(f) the following obligations issued by the following agencies if such obligations are backed or guaranteed by the full faith and credit of the United States or the full faith and credit of the United States is pledged for the payment of principal of and interest on such obligations:

(i) U.S. Export-Import Bank (Eximbank) direct obligations or fully guaranteed certificates of beneficial ownership;

(ii) Farmers Home Administration (FmHA) certificates of beneficial ownership;

(iii) Federal Financing Bank;

(iv) General Services Administration participation certificates;

(v) U.S. Maritime Administration Guaranteed Title XI financing;

(vi) U.S. Department of Housing and Urban Development (HUD):

(A) Project Notes;

(B) Local Authority Bonds;

(C) New Communities Debentures—U.S. government guaranteed debentures; and

(D) U.S. Public Housing Notes and Bonds—U.S. government guaranteed public housing notes and bonds.

"*DTC*" means The Depository Trust Company, New York, New York, and its successors in interest and assigns.

"*Eligible K-12 Institution*" means an applicant as defined in the Act.

"*Event of Default*" means (a) when the term is used in any Lease or is used to refer to an event occurring under a Lease, an event described in Section 11.01 of such Lease; (b) when the term is used in a Sublease with respect to Leased Property subject to a Lease or when the term is used in a Sublease or Participation Agreement to refer to an event occurring under such a Sublease or Participation Agreement, an event described in Section 11.01 of such Sublease or Participation Agreement; (c) when the term is used in a Site Lease with respect to Leased Property subject to a Lease or is used to refer to an event occurring under such Site Lease, an event described in Section 10.01 of such Site Lease; and (d) when the term is used in the Indenture, an Event of Default under any Lease.

"*Event of Nonappropriation*" means (a) when the term is used in a Lease, an event described in Section 5.04(b) of such Lease; (b) when the term is used in a Sublease with respect to Leased Property subject to the 2009A Lease or is used to refer to an event occurring under such a Sublease, an event described in Section 5.04(b) of such Sublease; (c) when the term is used in any other Sublease with respect to Leased Property or is used in any other Sublease or in any Participation Agreement to refer to an event occurring under such Sublease or Participation Agreement, an event described in Section 6.04(b) of such Sublease or Participation Agreement; and (d) when the term is used in the Indenture, an Event of Nonappropriation under any Lease.

"*Failure to Perform*" is defined in Section 7.03 of the Master Indenture.

"*Fair Market Value*" means:

(a) with respect to real property improved pursuant to a Project after the Completion Date for the Project and with respect to Leased Property that is not improved pursuant to a Project: (i) the value of the land included in such property as estimated by the Site Lessor of such property or by the Participating K-12 Institution for which the Project has been or is being financed; *plus* (ii) the replacement value of such property determined by the Colorado School District Self Insurance Pool or other insurer providing casualty and property damage for such property;

(b) with respect to real property that is being improved pursuant to a Project before the Completion Date for the Project: (i) the sum of (A) the value of the land included in such property as estimated by the Site Lessor of such property or by the Participating K-12 Institution for which the Project is being financed; and (B) the replacement value of property to be improved pursuant to the Project determined by the Colorado School District Self Insurance Pool or other insurer providing casualty and property damage for such property, net of any reduction in the value of such property resulting from demolition or other changes to such property in connection with the Project; *plus* (ii) the sum, without duplication, of (A) the amount of proceeds of

Certificates deposited and Allocated Investment Earnings deposited or expected to be deposited into the Project Account for the Project; (B) the amount expected to be expended on the Project from the Assistance Fund; (C) the amount previously expended on the Project from sources other than the Project Account or the Assistance Fund; and (D) the amount expected to be expended on the Project in the future from sources other than the Project Account or the Assistance Fund;

(c) with respect to other property, the price at which a willing seller would sell and a willing buyer would buy such property in an arm's length transaction; and

(d) if Fair Market Value is being determined for a portion of property for which a value is determined pursuant to clauses (a), (b) and/or (c) above, including, for example, where only a portion or none of the property improved pursuant to a Project is included in the Leased Property, the State's determination as to the amount of the value determined pursuant to clauses (a), (b) and/or (c) above that is allocable to the portion of the property for which Fair Market Value is being determined shall be conclusive and binding on all Persons.

"*Federal Direct Payments*" means (a) with respect to Taxable Build America Certificates, payments by the federal government in connection with the interest payable on such Certificates on each Interest Payment Date pursuant to Sections 54AA(g) and 6431 of the Code; and (b) with respect to Taxable Qualified School Construction Certificates, payments by the federal government in connection with the interest payable on each maturity of such Certificates pursuant to Sections 54F and 6431 of the Code.

"*Fiscal Year*" means the State's fiscal year, which begins on July 1 of each year and ends on June 30 of the following year.

"*Force Majeure*" means any event that is not within the control of the State, including, without limitation, acts of God; strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies or officials or any civil or military authority; insurrection; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; or breakage or accidents affecting machinery, transmission pipes or canals.

"*Glossary*" means this Glossary as it may be amended, supplemented or restated from time to time.

"*Governing Body*" means, (a) when used with respect to a Participating K-12 Institution that is a school district, the Board of Education of such school district; (b) when used with respect to a Participating K-12 Institution that is a charter school, the board of directors or other comparable body of such charter school; and (c) when used with respect to any other Participating K-12 Institution, the legislative body, board of directors or other comparable body of such Participating K-12 Institution.

"*Indenture*" means the Master Indenture and all Supplemental Indentures, collectively.

"*Initial Purchaser*" means the Person who initially purchases a Series of Certificates pursuant to a certificate purchase agreement or otherwise.

"*Initial Term*" means, with respect to each Lease, Sublease and Participation Agreement, the period commencing on the date the Lease, Sublease or Participation Agreement is executed and delivered (unless a different commencement date is specifically set forth in such Lease, Sublease or Participation Agreement) and ending on the following June 30.

"*Interest Account*" means the special account of the Certificate Fund established and designated as such by Section 3.01 of the Master Indenture.

"*Interest Component*" means the rights of the Owner of a Tax Credit Build America Certificate or a Qualified School Construction Certificate to receive interest on such Certificate independently of the right to receive the principal of such Certificate.

"*Interest Payment Date*" (a) has no meaning with respect to the Series 2009A Certificates; (b) means, with respect to the 2010B-C Certificates, March 15 and September 15, commencing on September 15, 2010; (c) means, with respect to the 2010D-F Certificates, March 15 and September 15, commencing September 15, 2011; (d) means, with respect to the 2011G Certificates, March 15 and September 15, commencing March 15, 2012; (e) means, with respect to the 2012H Certificates, March 15 and September 15, commencing September 15, 2013; (f) means, with respect to the 2013I Certificates, March 15 and September 15, commencing September 15, 2014; (g) means, with respect to the 2017J Certificates and 2017K Certificates, March 15 and September 15, commencing March 15, 2018; (h) means, with respect to the 2018L Certificates and 2018M Certificates, March 15 and September 15, commencing March 15, 2019; (i) means, with respect to the 2018N Certificates, March 15 and September 15, commencing March 15, 2019; (j) means, with respect to the 2019O Certificates, March 15 and September 15, commencing March 15, 2020; (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; and (n) 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 and the Series 2020R 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 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.

"*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 or the 2020R 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; and (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.

"*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-5J); 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.

"*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.

Separator Sheet

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FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2020R 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, 2020

TABLE OF CONTENTS

ARTICLE VIII
STATE'S PURCHASE OPTION; CONVEYANCE TO STATE AT END OF LEASE TERM; SUBLESSEES' PURCHASE OPTIONS

ARTICLE IX
GENERAL COVENANTS

ARTICLE X
LIMITS ON OBLIGATIONS OF TRUSTEE

ARTICLE XI
EVENTS OF DEFAULT AND REMEDIES

ARTICLE XII
TRANSFERS OF INTERESTS IN LEASE OR LEASED PROPERTY

ARTICLE XIII
MISCELLANEOUS

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SERIES 2020R LEASE PURCHASE AGREEMENT

This State of Colorado Building Excellent Schools Today Series 2020R Lease Purchase Agreement (this "Lease") is dated as of December 9, 2020 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 2020R Supplemental Trust Indenture dated as of December 9, 2020 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 2020R Projects for the 2020R 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 2020R Projects for the 2020R Participating K-12 Institutions and to enter into a Sublease or Participation Agreement with each 2020R 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 and the Series 2020R Certificates are being issued to finance the 2020R Projects for the 2020R 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 and the 2020R Certificates, comply with the applicable provisions of the Act.

(i) The State is authorized under the Act to lease the Leased Property from the Trustee and to execute, deliver and perform its obligations under this Lease.

(j) The State has received all approvals and consents required for the State's execution, delivery and performance of its obligations under this Lease and for the financing of the Projects pursuant to this Lease and the Indenture.

(k) This Lease has been duly executed and delivered by the State and is valid and binding obligation enforceable against the State in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(l) The execution, delivery and performance of this Lease by the State does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the State is now a party or by which the State is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the State or, except as specifically provided in this Lease, the Indenture, the Subleases, the Participation Agreements or the Site Leases, result in the creation or imposition of a lien or encumbrance whatsoever upon any of the property or assets of the State.

(m) There is no litigation or proceeding pending or threatened against the State or any other Person affecting the right of the State to execute, deliver or perform the obligations of the State under this Lease.

(n) Each Participating K-12 Institution that is a charter school is a governmental entity and a public school of a school district that is a political subdivision of the State governed by Colorado law and a Charter granted or entered into by its Chartering Authority pursuant to which the property of such charter school reverts to such Chartering Authority upon expiration or termination of such charter. The other Participating K-12 Institutions are State agencies or school districts that are political subdivisions of the State. Benefits received by the Participating K-12 Institutions and the Chartering Authorities by the leasing of the Leased Property by the State pursuant to this Lease accrue to the State. The Participating K-12 Institutions, the Chartering Authorities and the State will receive economic and other benefits by the leasing of the Leased Property by the State pursuant to this Lease. The initial Leased Property is, and any Leased Property substituted for the initial Leased Property will be, property that is necessary and essential to the purposes and operations of the Participating K-12 Institutions, the Chartering Authorities and the State. The State expects that the Leased Property will adequately serve the needs for which it is being leased throughout the Scheduled Lease Term.

(o) The Rent payable in each Fiscal Year during the Lease Term is not more than the fair value of the use of the Leased Property during such Fiscal Year. The Rent payable in any Fiscal Year during the Lease Term does not exceed a reasonable amount so as to place the State under an economic compulsion to take any of the following actions in order to avoid forfeiting such excess (i) to continue this Lease beyond such Fiscal Year, (ii) not to exercise its right to terminate this Lease at any time through an Event of Nonappropriation or (iii) to exercise any of its options to purchase the Leased Property hereunder. The State's Purchase Option Price for the Leased Property pursuant to Section 8.01 hereof is the State's best estimate of the fair purchase price of such Leased Property at the time of exercise of the State's option to purchase such Leased Property by paying the State's Purchase Option Price. The Scheduled Lease Term and the final maturity of the Series 2020R 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 2020R 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 2020R Interest. The Amortizing Principal and the Series 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R Certificates; and (B) if any 2020R 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 2020R Certificates shall be substituted for the 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 David L. Young, 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 _____________, 2020 by ________________, as an authorized signatory of Zions Bancorporation, National Association.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2020, by David L. Young, Treasurer, acting on behalf of the State of Colorado, acting by and through the State Treasurer.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[omitted for form of Series 2020R Lease Purchase Agreement appended to Official Statement]

EXHIBIT B

BASE RENT PAYMENT SCHEDULE

[omitted for form of Series 2020R Lease Purchase Agreement appended to Official Statement]

EXHIBIT C

TRUSTEE’S FEES AND EXPENSES

[omitted for form of Series 2020R Lease Purchase Agreement appended to Official Statement]

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Separator Sheet

FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SITE LEASE OF ___________

by and between

___________,
as site lessor

and

ZIONS BANCORPORATION, NATIONAL ASSOCIATION,
solely in its capacity as Trustee under the Indenture identified herein,
as site lessee

Dated as of December 9, 2020

TABLE OF CONTENTS

ARTICLE VIII
GENERAL COVENANTS

ARTICLE IX
LIMITS ON OBLIGATIONS

ARTICLE X
EVENTS OF DEFAULT AND REMEDIES

ARTICLE XI
TRANSFERS OF INTERESTS IN LEASE OR LEASED PROPERTY

ARTICLE XII
MISCELLANEOUS

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SITE LEASE OF ____________

This State of Colorado Building Excellent Schools Today Site Lease (this "Site Lease") is dated as of December 9, 2020 and is entered into by and between ____________ (the "Site Lessor"), as lessor, and Zions Bancorporation, National Association, a national banking association duly organized and validly existing under the laws of the United States, solely in its capacity as trustee under the Indenture (the "Trustee"), as lessee. ***Capitalized terms used but not defined in this Site Lease have the meanings assigned to them in the Glossary attached to the State of Colorado Building Excellent Schools Today Master Trust Indenture dated August 12, 2009, as such Glossary has been amended, supplemented and restated by the Glossary attached to the State of Colorado Building Excellent Schools Today 2020R Supplemental Trust Indenture dated December 9, 2020 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 2020R 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 2020R 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 2020R 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, 2070;

(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 2020R 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 2020R Lease (the "Site Lessor Protection Provisions"). If the 2020R 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 2020R 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 2020R Lease or an amount equal to the Additional Rent that would have been paid under the 2020R 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 2020R 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 2020R 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 2020R 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 2020R Lease and the Indenture following an Event of Default or Event of Nonappropriation under the 2020R Lease.

Section 6.05. Substitution of Other Property for Leased Property. If the State substitutes other real property under the 2020R Lease for any portion of the Site Lessor's Leased Property, the property so substituted under the 2020R 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 2020R 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 2020R Lease has not terminated, the terms of Section 7.08 of the 2020R 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 2020R 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 2020R 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 2020R Lease, the State has agreed to reimburse the Trustee for such costs during the Lease Term of the 2020R 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 2020R 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 2020R 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 2020R Lease. The parties recognize and agree that, notwithstanding any other provision of this Site Lease, the 2020R Lease or any Sublease, upon conveyance of all the Leased Property subject to the 2020R Lease by the Trustee to the State pursuant to Article VIII of the 2020R 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 2020R 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 2020R Lease and Sublease. The Trustee has received a copy of, and acknowledges the terms of, the 2020R Lease and the Sublease pursuant to which the Leased Property is subleased to the Site Lessor or a charter school for which the Site Lessor is the Chartering Authority.

Section 12.04. Trustee, State and Site Lessor Representatives. Whenever under the provisions hereof the approval of the Trustee, the State or the Site Lessor is required, or the Trustee, the State or the Site Lessor is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, for the State by the State Representative and by the Site Lessor by the Site Lessor Representative and the Trustee, the State and the Site Lessor shall be authorized to act on any such approval or request. The Site Lessor Representative is the _______ of the Site Lessor or any Person appointed as Site Lessor Representative by such Person.

Section 12.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the Site Lessor, to ____________, Attention: Superintendent, facsimile number: _______, electronic mail address: _______; if to the Trustee, to Zions Bancorporation, National Association, 1001 Seventeenth Street, Suite 850, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 855-547-6178, electronic mail address: denvercorporatetrust@zionsbank.com; and if to the State, to Colorado State Treasurer, 140 State Capitol, 200 E. Colfax Ave., Denver, CO 80203, Attention: Deputy Treasurer, facsimile number: 303-866-2123, with a copy to Colorado State Controller, 1525 Sherman Street, 5th floor, Denver, Colorado 80203, Attention: Robert Jaros, facsimile number: 303-866-4233, electronic mail address: Bob.Jaros@state.co.us. Any notice party may, by written notice to the others, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 12.06. No Individual Liability. All covenants, stipulations, promises, agreements and obligations of the Site Lessor or the Trustee, as the case may be, contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the Site Lessor or the Trustee, as the case may be, and not of any member, director, officer, employee, servant or other agent of the Site Lessor or the Trustee in his or her individual capacity, and no recourse shall be had on account of any such covenant, stipulation, promise, agreement or obligation, or for any claim based thereon or hereunder, against any member, director, officer, employee, servant or other agent of the Site Lessor or the Trustee or any natural person executing this Site Lease or any related document or instrument; provided that such person is acting within the scope of his or her employment, membership, directorship or agency, as applicable, and not in a manner that constitutes gross negligence or willful misconduct.

Section 12.07. Amendments, Changes, Modifications and Release. Except as otherwise provided herein or in the Indenture, this Site Lease may only be amended, changed, modified, altered or released by a written instrument executed by the Site Lessor and the Trustee; and the Trustee shall, if and when requested by the State, execute and deliver any amendment to or release of this Site Lease proposed by the State upon delivery to the Trustee of an opinion of Bond Counsel stating that such amendment or release does not violate the Indenture or the Leases.

Section 12.08. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Site Lease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Site Lease.

Section 12.09. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to this Site Lease is set forth in Exhibit A hereto. If the land included in the Leased Property subject to this Site Lease is modified pursuant to the terms of this Site Lease or other land is substituted for land included in the Leased Property subject to this Site Lease pursuant to the terms of this Site Lease, the legal description set forth in Exhibit A hereto will be amended to describe the land included in the Leased Property subject to this Site Lease after such modification or substitution.

Section 12.10. Merger. The State, the Site Lessor, the Trustee and any Sublessee that leases the Leased Property intend that the legal doctrine of merger shall have no application to this Site Lease, the 2020R 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 2020R 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 2020R Lease or such Sublease shall operate to terminate or extinguish this Site Lease, the 2020R Lease or such Sublease.

Section 12.11. Severability. In the event that any provision of this Site Lease, other than the obligation of the Site Lessor to provide quiet enjoyment of the Leased Property, shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.12. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Site Lease.

Section 12.13. Applicable Law. The laws of the State and rules and regulations issued pursuant thereto, as the same may be amended from time to time, shall be applied in the interpretation, execution and enforcement of this Site Lease. Any provision of this Site Lease, whether or not incorporated herein by reference, which provides for arbitration by an extra-judicial body or person or which is otherwise in conflict with said laws, rules and regulations shall be considered null and void. Nothing contained in any provision hereof or incorporated herein by reference which purports to negate this Section in whole or in part shall be valid or enforceable or available in any action at law whether by way of complaint, defense or otherwise. Any provision rendered null and void by the operation of this Section will not invalidate the remainder of this Site Lease to the extent that this Site Lease is capable of execution. At all times during the performance of this Site Lease, the Site Lessor and the Trustee shall strictly adhere to all applicable federal and State laws, rules and regulations that have been or may hereafter be established.

Section 12.14. Execution in Counterparts. This Site Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.15. Value of Land. The Site Lessor estimates that the value of the land included in the Leased Property as of the date this Site Lease is entered into is $_______.

IN WITNESS WHEREOF, the Trustee and the Site Lessor have executed this Site Lease as of the date first above written.

ZIONS BANCORPORATION, NATIONAL ASSOCIATION, solely in its capacity as trustee under the Indenture

By ____
Authorized Signatory

[DISTRICT SEAL]

____

By ____
Title:______________________________

ATTEST:

By __________________________________
Secretary

[Signature Page to Site Lease of ____________]

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ____ day of _____________, 2020 by ____, as an authorized signatory of Zions Bancorporation, National Association.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

STATE OF COLORADO)
) ss.
COUNTY OF _______)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2020, by ___________________, as President, and ___________________, as Secretary of _____________.

WITNESS MY HAND AND OFFICIAL SEAL, the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[omitted for form of Series 2020R Site Lease appended to Official Statement]

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Separator Sheet

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FORM OF

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SUBLEASE OF ____________

by and between

STATE OF COLORADO,
acting by and through the State Treasurer,

and

PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE BOARD,
acting on behalf of the State of Colorado,
both as sublessor

and

____________,
as the Sublessee

Dated as of December 9, 2020

TABLE OF CONTENTS

ARTICLE VI
RENT; EVENT OF NONAPPROPRIATION

ARTICLE VII
OPERATION, MAINTENANCE AND INSURANCE OF LEASED PROPERTY

ARTICLE VIII
TITLE TO LEASED PROPERTY; ENCUMBRANCES, EASEMENTS, MODIFICATIONS, SUBSTITUTION, DAMAGE, PERSONAL PROPERTY

ARTICLE IX
SUBLESSEE'S PURCHASE OPTION; CONVEYANCE TO SUBLESSEE UPON CONVEYANCE TO STATE

ARTICLE X
GENERAL COVENANTS

STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
SUBLEASE OF ____________

This State of Colorado Building Excellent Schools Today Sublease of ____________ (this "Sublease") is dated as of December 9, 2020 and is entered into by and between the State of Colorado, acting by and through the State Treasurer, and the Public School Capital Construction Assistance Board, acting on behalf of the State (collectively, the "State"), both as sublessor, and ____________, as sublessee (the "Sublessee"). ***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 2020R Supplemental Trust Indenture dated December 9, 2020 and as it may further be amended, supplemented and restated from time to time***.

<u>RECITALS</u>

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 2020R 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. 20-1 and as authorized under the Act, and the Assistance Board, acting on behalf of the State and as authorized under the Act, will sublease the Leased Property to the Sublessee pursuant to this Sublease; and the Sublessee is authorized by applicable law, its governing documents, if relevant, and action of its Governing Body to, and will, sublease the Leased Property from the State pursuant to this Sublease.

C. To satisfy the Sublessee's obligation to pay Matching Moneys to the State with respect to the Sublessee's Project, the Sublessee, in accordance with Article V hereof, has delivered a Matching Moneys Bond or agreed to pay cash, Matching Moneys Installment Payments or Base Rent to the State.

D. Proceeds of the 2020R Certificates issued pursuant to the Indenture will be used to finance the Project of the Sublessee.

<u>AGREEMENT</u>

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. 20-1.

(b) The State is authorized under the Act to lease the Leased Property to the Sublessee pursuant to this Sublease and to execute, deliver and perform its obligations under this Sublease.

(c) This Sublease has been duly executed and delivered by the State and is valid and binding obligation enforceable against the State in accordance with its terms, limited only by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

(d) The execution, delivery and performance of the terms of this Sublease by the State does not and will not conflict with or result in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the State is now a party or by which the State is bound, or constitute a default under any of the foregoing, violate any Requirement of Law applicable to the State, or, except as specifically provided in the 2020R 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 2020R 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 2020R Lease in each Fiscal Year during the Lease Term of the 2020R 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 2020R 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 2020R 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 2020R Lease as a result of an Event of Nonappropriation or an Event of Default under the 2020R 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, 2020, (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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R Certificates determined by multiplying the principal amount of all the Outstanding Series 2020R Certificates by a fraction, the numerator of which is the sum of the proceeds of the Series 2020R 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 2020R Certificates and the Allocated Investment Earnings deposited into the Project Accounts of all 2020R Sublessees; and (ii) which principal amount shall be allocated among the maturities of the Outstanding Series 2020R Certificates in proportion to the principal amount of each maturity of the Outstanding Series 2020R Certificates, rounded to the nearest $5,000 in principal amount of each such maturity. Notwithstanding the preceding sentence, if any portion of the Series 2020R 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 2020R Certificates shall be substituted for the Series 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R 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 2020R Lease as a result of an Event of Nonappropriation or Event of Default under the 2020R 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 2020R Lease and Indenture. The Sublessee has received copies of, and acknowledges the terms of, the 2020R 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 2020R Lease and the Indenture.

Section 14.04. Trustee, State and Sublessee Representatives. Whenever under the provisions hereof the approval of the Trustee, the State or the Sublessee is required, or the Trustee, State or the Sublessee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Trustee by the Trustee Representative, for the State by the State Representative and by the Sublessee for the Sublessee Representative and the Trustee, the State and the Sublessee shall be authorized to act on any such approval or request. The Sublessee Representative is the _______ of the Sublessee or any Person appointed as Sublessee Representative by such Person.

Section 14.05. Manner of Giving Notices. All notices, certificates or other communications hereunder shall be in writing and shall be deemed given when mailed by first class United States mail, postage prepaid, or when sent by facsimile transmission or electronic mail, addressed as follows: if to the State, to Colorado State Treasurer, 140 State Capitol, 200 E. Colfax Ave., Denver, CO 80203, Attention: Deputy Treasurer, facsimile number: 303-866-2123, with a copy to Colorado State Controller, 1525 Sherman Street, 5th floor, Denver, Colorado 80203, Attention: Robert Jaros, facsimile number: 303-866-4233, electronic mail address: Bob.Jaros@state.co.us, and with a copy to Public School Capital Construction Assistance Board, 1580 Logan Street, Suite 310, Denver, Colorado 80203, Attention: Chair, facsimile number: 303.866.6168, electronic mail address: scott.stevens@bvsd.org; if to the Trustee, to Zions Bancorporation, National Association, 1001 Seventeenth Street, Suite 850, Denver, Colorado 80202, Attention: Corporate Trust Services, facsimile number: 855-547-6178, electronic mail address: denvercorporatetrust@zionsbank.com; and if to the Sublessee, to ____________, Attention: _______, facsimile number: _______, electronic mail address: _______. 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 2020R Lease and making certifications and representations to Bond Counsel, Owners or potential Owners of Certificates and any other Person with respect to the Leased Property, the Projects, the Leases, the Site Leases, the Matching Moneys Bonds, the Certificates, the Indenture or any matter related thereto.

Section 14.09. Events Occurring on Days that are not Business Days. If the date for making any payment or the last day for performance of any act or the exercising of any right under this Sublease is a day that is not a Business Day, such payment may be made, such act may be performed or such right may be exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in this Sublease.

Section 14.10. Legal Description of Land Included in Leased Property. The legal description of the land included in the Leased Property subject to this Sublease is set forth in Exhibit B hereto. If the land included in Leased Property subject to this Sublease is modified pursuant to the terms of this Sublease or other land is substituted for land included in the Leased Property subject to this Sublease pursuant to the terms of this Sublease, the legal description set forth in Exhibit B hereto will be amended to describe the land included in the Leased Property subject to this Sublease after such modification or substitution.

Section 14.11. Merger. The State, the Trustee, the Site Lessor of the Leased Property and the Sublessee intend that the legal doctrine of merger shall have no application to this Sublease, the 2020R 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 2020R 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 2020R Lease or such Site Lease shall operate to terminate or extinguish this Sublease, the 2020R 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 2020R Lease among the 2020R 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 2020R 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 2020R 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 ____________ AS OF THE DATE FIRST SET FORTH ABOVE

* Person(s) signing hereby swear and affirm that they are authorized to act and acknowledge that the State is relying on their representations to that effect.

[SUBLESSEE] ______________________________ Name, Title [DISTRICT SEAL] Attest: ______________________________ Name, Title	**STATE OF COLORADO** **Jared S. Polis, GOVERNOR** Department of the Treasury David L. Young, Treasurer ______________________________ By David L. Young, 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

CRS §24-30-202 requires the State Controller to approve all State Contracts. This Sublease is not valid until signed and dated below by the State Controller or delegate. Contractor is not authorized to begin performance until such time. If Contractor begins performing prior thereto, the State of Colorado is not obligated to pay Contractor for such performance or for any goods and/or services provided hereunder.

STATE CONTROLLER
Robert Jaros, MBA, CPA, JD

By:______________________________
Robert Jaros, State Controller

Date:____________________

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this ___ day of _____________, 2020, by David L. Young, Treasurer, acting on behalf of the State of Colorado.

WITNESS MY HAND AND OFFICIAL SEAL the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

Subscribed and affirmed before me in the County of __________________ (Remotely Located Individual) and the County of___________________________(Notary), State of Colorado, this_______________ day of_________________________, 20__. This notarial act was performed using audio-video technology.

WITNESS MY HAND AND OFFICIAL SEAL the day and year above written.

____

NOTARY PUBLIC

My Commission expires:

____

STATE OF COLORADO)
) ss.
COUNTY OF _______)

The foregoing instrument was acknowledged before me this ___ day of ____________, 2020, by __________________, as President, and __________________, as Secretary, of ____________.

WITNESS MY HAND AND OFFICIAL SEAL the day and year above written.

[NOTARIAL SEAL]

____
Notary

My commission expires:

____

EXHIBIT A

LEGAL DESCRIPTION OF LAND INCLUDED IN LEASED PROPERTY

[omitted for form of Series 2020R Sublease appended to Official Statement]

EXHIBIT B

SPECIFICATIONS FOR PROJECT

[omitted for form of Series 2020R Sublease appended to Official Statement]

EXHIBIT C

ACCOUNTING ALLOCATION OF STATE'S BASE RENT

[omitted for form of Series 2020R Sublease appended to Official Statement]

EXHIBIT D

MATCHING MONEYS

[omitted for form of Series 2020R Sublease appended to Official Statement]

EXHIBIT E

FORM OF ASSISTANCE FUND REQUISITION

[omitted for form of Series 2020R Sublease appended to Official Statement]

APPENDIX C

FORM OF CONTINUING DISCLOSURE UNDERTAKING

$98,030,000
STATE OF COLORADO
BUILDING EXCELLENT SCHOOLS TODAY
CERTIFICATES OF PARTICIPATION
TAX-EXEMPT SERIES 2020R

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 2020R Lease Purchase Agreement, dated as of December 9, 2020, 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, 2020.

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

By:____
Treasurer of the State of Colorado

APPENDIX D

FORM OF BOND COUNSEL OPINION

December 9, 2020

State of Colorado,
acting by and through the State Treasurer
Zions Bancorporation, National Association,
as Trustee
RBC Capital Markets, LLC
KeyBanc Capital Markets
Citigroup Global Markets Inc.

$98,030,000
State of Colorado
Building Excellent Schools Today Certificates of Participation
Tax-Exempt Series 2020R

Ladies and Gentlemen:

We have been engaged by the State of Colorado, acting by and through the State Treasurer (the "State"), to act as bond counsel in connection with the execution and delivery of the Building Excellent Schools Today Certificates of Participation Tax-Exempt Series 2020R (the "Series 2020R Certificates"). The Series 2020R Certificates are being executed and delivered pursuant to the Building Excellent Schools Today Act, part 1, article 43.7, title 22, Colorado Revised Statutes, as amended; and the State of Colorado Building Excellent Schools Today Master Trust Indenture dated as of August 12, 2009, as supplemented by the State of Colorado Building Excellent Schools Today Series 2009A Supplemental Indenture dated as of August 12, 2009, the State of Colorado Building Excellent Schools Today Series 2010B-C Supplemental Indenture dated as of March 16, 2010, the State of Colorado Building Excellent Schools Today Series 2010D-F Supplemental Trust Indenture dated as of December 16, 2010, the State of Colorado Building Excellent Schools Today Series 2011G Supplemental Trust Indenture dated as of December 8, 2011, the State of Colorado Building Excellent Schools Today October 2012 Supplemental Trust Indenture dated as of October 31, 2012, the State of Colorado Building Excellent Schools Today Series 2012H Supplemental Trust Indenture dated as of December 6, 2012, the State of Colorado Building Excellent Schools Today Series 2013I Supplemental Trust Indenture dated as of December 9, 2013, the State of Colorado Building Excellent Schools Today 2015 Supplemental Trust Indenture dated as of February 12, 2015, the State of Colorado Building Excellent Schools Today Series 2017J Supplemental Trust Indenture dated as of December 7, 2017, the State of Colorado Building Excellent Schools Today Series 2017K Supplemental Trust Indenture dated as of December 7, 2017, the State of Colorado Building Excellent Schools Today Series 2018L Supplemental Trust Indenture dated as of September 18, 2018, the State of Colorado Building Excellent Schools Today Series 2018M Supplemental Trust Indenture dated as of September 18, 2018, the State of Colorado Building Excellent Schools Today Series 2018N Supplemental Trust Indenture dated as of December 6, 2018, 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 and the State of Colorado Building Excellent Schools Today Series 2020R Supplemental Trust Indenture dated as of December 9, 2020 (collectively, the "Indenture") by Zions Bancorporation, National Association, as trustee thereunder (the "Trustee"). The Series 2020R Certificates evidence undivided interests in the right to certain payments by the State under 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 2018L Amended and Restated Lease Purchase Agreement dated as of September 18, 2018 (the "2018L Lease"), the State of Colorado Building Excellent Schools Today Series 2018M Amended and Restated Lease Purchase Agreement dated as of September 18, 2018 (the "2018M Lease"), the State of Colorado Building Excellent Schools Today Series 2017J Lease Purchase Agreement dated as of December 7, 2017 (the "2017J Lease"), the State of Colorado Building Excellent Schools Today Series 2017K Amended and Restated Lease Purchase Agreement dated as of December 7, 2017 (the "2017K Lease"), the State of Colorado Building Excellent Schools Today 2015 Lease Purchase Agreement dated as of February 12, 2015 (the "2015 Lease") 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 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.

We have examined the documents listed in the preceding paragraph, the 2020R Site Leases pursuant to which the 2020R Leased Property has been leased to the Trustee by the 2020R Site Lessors, the 2020R Subleases pursuant to which the 2020R Leased Property has been subleased to the 2020R Sublessees by the State and the Tax Compliance Certificates executed and delivered by the State and the 2020R Sublessees in connection with the execution and delivery of the Series 2020R Certificates; the Constitution and the laws of the State; the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations, rulings and judicial decisions relevant to the opinions set forth herein; and the proceedings, certificates, documents, opinions and other papers delivered in connection with the execution and delivery of the Series 2020R Certificates. As to questions of fact material to our opinion, we have relied upon the representations and certifications set forth in the items examined, without undertaking to verify the same by independent investigation. We have assumed the due authorization, execution and delivery by the Trustee and the enforceability against the Trustee of the Leases, the Indenture and the Series 2020R Certificates, the due authorization, execution and delivery by each Site Lessor and the enforceability against each Site Lessor of its Site Lease, the due authorization, execution and delivery by each Sublessee and the enforceability against each Sublessee of its Sublease, and the due authorization, execution and delivery by each Sublessee its respective Tax Compliance Certificate; have relied upon, and assumed the correctness of the legal conclusions stated in, the opinion delivered by the Attorney General of the State in connection with the execution and delivery of the Series 2020R Certificates with respect to the authorization, execution and delivery of the Leases, the 2020R Subleases and the State's Tax Compliance Certificate by the State, the enforceability of the 2020R Subleases and the State's Tax Compliance Certificate against the State (but not the enforceability of the 2020R Lease) and other matters; and have assumed that the State, the Trustee, the Site Lessors, the Sublessees and other parties will comply with, and perform their obligations in accordance with, the Leases, the Indenture, the Site Leases, the Subleases and the Tax Compliance Certificates of the State and the Sublessees.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, that:

1. The State has the power to enter into and perform its obligations under the 2020R Lease.

2. The 2020R Lease has been duly authorized, executed and delivered by the State and is the legal, valid and binding obligation of the State enforceable against the State in accordance with its terms.

3. The Series 2020R Certificates evidence legal, valid and binding undivided interests in the right to certain payments, as provided in the Series 2020R Certificates and the Indenture, from Base Rent payable by the State under the Leases as provided in the Leases.

4. Under existing laws, regulations, rulings and judicial decisions, the portion of the Base Rent paid by the State which is designated and paid as interest on the Series 2020R Certificates is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence assume compliance by the State and the Sublessees with certain covenants relating to requirements of the Code that must be met subsequent to the delivery of the Series 2020R Certificates. Failure to comply with such requirements could cause such interest to be included in gross income for federal income tax purposes, retroactive to the date of delivery of the Series 2020R Certificates. We express no opinion regarding (a) the effect of any termination of the State's obligations under the Leases, under certain circumstances as provided in the Leases, upon the treatment for federal income tax purposes of any moneys received by the Owners of the Series 2020R Certificates; or (b) any other federal tax consequences related to the ownership or disposition of the Series 2020R Certificates.

5. Under existing State of Colorado statutes, the interest received by the Owners of the Series 2020R Certificates with respect to their undivided interests in the Base Rent that is designated and paid as interest under the Leases is exempt from State of Colorado income tax. We express no opinion regarding (i) the effect of any termination of the State's obligations under the Leases on interest received or income of the Owners of the Series 2020R Certificates subsequent to such termination; or (ii) any other tax consequences related to the ownership or disposition of Series 2020R Certificates under the laws of the State of Colorado or any other state or jurisdiction.

The rights of the Owners of the Series 2020R Certificates and the enforceability of the Series 2020R Certificates and of the 2020R Lease may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, by equitable principles, whether considered at law or in equity, by the exercise of judicial discretion, by the exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and by the exercise by the United States of America of the powers delegated to it by the Constitution of the United States of America.

This opinion is limited to the matters specifically set forth herein and we offer no other opinion or advice as to any other aspect of the transaction generally described herein. In particular, but without limitation, we offer no opinion or advice as to the enforceability of the Site Leases, the Leases, the Indenture or the Series 2020R Certificates against the Trustee; the enforceability of the Site Leases against the Site Lessors; the enforceability of the Subleases against the State or the Sublessees, the creditworthiness or financial condition of the State, the Trustee or any other person; the accuracy or completeness of the statements made in connection with the offer and sale of the Series 2020R Certificates; or the ability of the State to use moneys from any particular source for the purpose of making payments under the Leases.

This opinion is solely for the benefit of the addressees in connection with the original delivery of the Series 2020R Certificates and may not be relied upon by any other person or for any other purpose without our express written consent.

This opinion is based solely on the Constitution and laws of the State, the provisions of the Code and the regulations, rulings and judicial decisions relevant to the opinions set forth herein, the other items described in the second paragraph hereof and the assumptions set forth herein. The opinions set forth herein may be affected by changes in the items described in the second paragraph hereof and actions taken or omitted or events occurring after the date hereof. This opinion speaks only as of its date and our engagement with respect to the Series 2020R Certificates has concluded with the delivery of this opinion. We have no obligation to update this opinion or to inform any person about any changes in the items described in the second paragraph hereof, any actions taken or omitted or events occurring after the date hereof or any other matters that may come to our attention after the date hereof.

This opinion is being delivered to addressees other than the State by us in our capacity as bond counsel to the State. The delivery of this opinion to any addressee other than the State does not create, and we expressly disclaim, any attorney-client relationship between us and such addressee.

Respectfully submitted,

APPENDIX E

THE STATE GENERAL FUND

General

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. As required by changes in GAAP, the General Fund reported in the State's Fiscal Year 2010-11 CAFR and subsequent CAFRs includes a large number of statutorily created special State funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the CAFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. The following discussion of the General Fund represents the legal and accounting entity referred to in the State's Fiscal Year 2018-19 CAFR and Fiscal Year 2019-20 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 2020-21 and 2021-22. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX F – OSPB SEPTEMBER 2020 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)

	Actual								Preliminary		OSPB September 2020 Revenue Forecast			
	Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22	
Revenue Source	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
Excise Taxes:														
Sales Tax[1]	$2,652.6	1.3%	$2,826.1	6.5%	$3,094.2	9.5%	$3,246.6	4.9%	$3,196.0	4.7%	$3,404.2	6.5%	$3,562.9	4.7%
Use Tax	241.2	(7.3)	259.5	7.6	309.9	19.4	345.5	11.5	210.5	(39.1)[2]	191.7	(8.9)	186.5	(2.7)
Retail Marijuana Sales – Special Sales Tax[1]	–	–	–	–	–[3]	–[3]	–[3]	–[3]	245.5	27.4	265.1	8.0	286.3	8.0
Cigarette Tax	37.2	(1.8)	36.6	(1.7)	34.6	(5.5)	32.6	(5.8)	32.5	(0.1)	31.8	(2.4)	30.9	(2.8)
Tobacco Products	21.1	18.5	21.2	0.6	16.4	(22.7)	22.3	35.8	24.4	9.5	30.3	24.4	26.2	(13.5)
Liquor Tax	43.6	5.0	45.0	3.0	46.5	3.3	48.3	3.9	50.1	3.7	51.7	3.2	52.8	2.2
Total Excise Taxes	$2,995.7	0.6%	$3,188.4	6.4%	$3,501.6	9.8%	$3,695.3	5.5%	$3,759.0	1.7%	$3,974.8	5.7%	$4,145.7	4.3%
Income Taxes:														
Net Individual Income Tax	$6,526.5	2.8%	$6,760.9	3.6%	$7,577.2	12.1%	$8,247.0	8.8%	$8,645.5	4.8%	$7,942.4	(8.1)%	$8,208.8	3.4%
Net Corporate Income Tax	652.3	(5.8)	509.3	(21.9)	781.9	53.5	919.8	17.6	728.3	(20.8)	655.1	(10.0)	755.9	15.4
Total Income Taxes	$7,178.8	1.9%	$7,270.2	1.3%	$8,359.1	15.0%	$9,166.8	9.7%	$9,373.8	2.3%	$8,597.5	(8.3)%	$8,964.6	4.3%
Less State Education Fund Diversion[4]	(522.6)	0.5	(540.0)	(3.3)	(617.0)	(14.3)	(692.8)	(12.3)	(646.7)	(6.7)	(699.4)	8.2	672.3	(3.9)
Total Income Taxes to the General Fund	$6,656.2	2.0%	$6,730.2	1.1%	$7,742.1	15.0%	$8,474.0	9.5%	$8,727.1	3.0%	$7,898.1	(9.5)%	$8,292.3	5.0%
Other Revenues:														
Insurance	$280.3	9.2%	$290.5	3.6%	$303.6	4.5%	$314.7	3.6%	$337.4	7.2%	$330.7	(2.0)%	$347.6	5.1%
Interest Income	12.4	40.3	14.7	18.6	19.5	32.4	26.5	35.8	31.1	17.2	29.4	(5.5)	27.5	(6.4)
Pari-Mutuel	0.6	0.5	0.6	(6.6)	0.5	(10.7)	0.5	(1.7)	0.4	(23.7)	0.4	(2.0)	0.4	(2.0)
Court Receipts	3.5	34.5	4.1	17.5	4.4	7.6	4.2	(5.3)	3.9	(6.7)	3.9	(0.5)	3.9	--
Other Income[5]	22.6	(33.7)	47.3	109.7	152.2	221.7	48.9	(67.9)	9.7	(80.2)	25.2	160.1	22.9	(9.0)
Total Other	$319.4	5.5%	$357.2	11.8%	$480.2	34.4%	$394.7	(17.8)%	$382.5	(3.1)%	$389.5	1.8%	$402.3	3.3%
Gross General Fund	$9,971.4	1.7%	$10,275.8	3.1%	$11,723.9	14.1%	$12,564.0	7.2%	$12,868.5	2.4%	$12,262.4	(4.7)%	$12,840.3	4.7%

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[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 2020-21 and 2021-22 from the OSPB September 2020 Revenue Forecast. The overview incorporates the budget under current law as of the publication of the OSPB September 2020 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 2020 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.

State of Colorado
General Fund Overview
Fiscal Years 2015-16 through 2021-22
(Dollar amounts expressed in millions; totals may not add due to rounding)

	`Actual (Unaudited)[1]				Preliminary	OSPB September 2020 Revenue Forecast	
	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22
Revenue:							
Beginning Reserve	$ 689.6	$ 512.7	$ 614.5	$ 1,366.0	$ 1,262.5	$ 1,664.1	$ 2,933.9
Gross General Fund Revenue	9,971.4	10,275.8	11,723.9	12,564.0	12,868.5	12,262.4	12,840.3
Transfers to the General Fund	24.1	44.8	98.6	17.2	248.7	323.5	12.2
Total General Fund Revenue Available for Expenditure	10,685.1	10,833.4	12,436.9	13,947.2	14,379.8	14,250.1	15,786.4
Expenditures:							
Appropriation Subject to Limit[2]	9,335.6	9,784.5	10,430.9	11,258.7	11,805.2	10,658.5	14,743.4
Dollar Change From Prior Year	466.6	448.9	646.4	827.8	546.4	(1,146.7)	4,085.0
Percent Change From Prior Year	5.3%	4.8%	6.6%	7.9%	4.9%	(9.7)%	38.3%
Spending Outside Limit	895.1	640.1	784.5	1,596.3	910.5	657.7	621.3
TABOR Refund under Subsection (7)(d)[3]	–	–	39.8	428.5	–	–	--
TABOR Refund under Subsection (3)(c)[4]	(58.0)	–	–	–	–	–	--
Homestead Exemption (Net of TABOR Refund)[5]	–	–	132.3	106.4	–	164.2	174.9
Other Rebates and Expenditures[5]	281.3	285.0	158.5	159.7	145.7	142.5	149.7
Transfer for Capital Construction[6]	271.1	84.5	112.1	180.5	213.6	23.0	20.0
Transfers for Transportation[6]	199.2	79.0	79.0	495.0	300.0	–	--
Transfers to State Education Fund	25.3	25.3	25.3	25.0	40.3	113.0	23.0
Transfers to Other Funds[7]	176.2	164.8	208.6	201.1	210.9	214.9	253.6
Other Expenditures Exempt from General Fund Appropriations Limit[8]	–	1.5	29.0	–	–	–	--
Total General Fund Obligations	10,230.7	10,424.6	11,215.5	12,855.0	12,715.6	11,316.1	15,364.7
Percent Change from Prior Year	5.7%	1.9%	7.6%	14.6%	(1.1)%	(11.0)%	35.8%
Reversions and Accounting Adjustments[9]	(58.3)	(205.7)	(123.3)	(170.3)	–	–	--
Reserves:							
Year-End General Fund Balance	512.7	614.5	1,344.8	1,262.5	1,664.1	2,933.9	421.7
Year-End General Fund as a % of Appropriations	5.5%	6.3%	12.9%	11.2%	14.1%	27.5%	2.9%
General Fund Statutory Reserve Amount[10]	463.9	584.3	674.9	814.2	362.4	304.8	421.7
Unappropriated Reserve Percentage[10]	5.6%	6.0%	6.5%	–	–	–	--
Amount Above (Below) Statutory Reserve	48.8	30.2	669.9	448.3	1,301.7	2,629.1	

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 CAFRs 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 2020 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 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 18, 2020 and is included in this Official Statement as "APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST." The OSPB September 2020 Revenue Forecast projects revenues for Fiscal Years 2020-21 through 2022-23. The amounts forecast for Fiscal Years 2020-21 and 2021-22 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 2020 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 2020. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB September 2020 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 2018-19
(Amounts expressed in millions)[1]

	July 2018	Aug 2018	Sept 2018	Oct 2018	Nov 2018	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	June 2019
Agency CMOs	$ 0.4	$ 0.5	$ 0.5	$ 0.4	$ 0.4	$ 0.4	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3	$ 0.3
Commercial Paper	832.4	887.9	968.7	1,331.0	1,329.1	1,310.8	2,028.1	2,241.8	2,065.0	2,321.4	1,872.2	1,598.0
U.S. Treasury Notes	1,294.8	1,159.0	1,279.0	1,224.4	1,156.0	1,055.4	981.7	862.0	1,042.3	934.9	841.3	821.2
Federal Agencies	1,356.6	1,249.7	1,219.8	677.6	553.3	570.5	722.1	727.1	501.7	873.3	1,417.1	1,091.5
Asset-Backed Securities	851.8	935.8	947.6	955.5	946.5	978.0	1,024.3	995.0	973.4	991.1	982.4	920.9
Money Market	350.0	255.0	540.0	450.0	470.0	350.0	480.0	440.0	380.0	625.0	345.0	515.0
Corporates	3,481.7	3,396.2	3,577.1	3,670.1	3,522.5	3,599.8	3,587.8	3,344.7	3,828.5	4,352.8	4,593.6	4,034.6
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Totals	$8,167.7	$7,884.1	$8,532.7	$8,309.0	$7,977.8	$7,864.9	$8,824.3	$8,610.9	$8,791.2	$10,098.5	$10,051.9	$8,981.5

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[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 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	$ 41.6	$ 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	0.00	0.00
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	$10,992.1	$10,227.4	$9,342.2

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[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.

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APPENDIX F

OSPB SEPTEMBER 2020 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 2020-21 through 2022-23. 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 18, 2020, 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 18, 2020

STATE OF COLORADO

Governor’s Office of State Planning and Budgeting

COLORADO ECONOMIC AND FISCAL OUTLOOK

COLORADO
Governor Jared Polis

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Contents

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Lauren Larson - Budget Director
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Forecast in Brief

NATIONAL ECONOMIC OUTLOOK

The U.S. economy continues to recover from the depths of the pandemic recession in April, but activity remains well below normal levels and the rate of improvement is slowing. While the unemployment rate remains above 8 percent, 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.

COLORADO ECONOMIC OUTLOOK

Colorado's economic activity remains far below normal levels despite significant improvement since April. The unemployment rate rose from 2.5 percent in February to 12.2 percent in April before falling to 6.7 percent by August. Colorado's economy continues to perform better than the national average as the state has a high percentage of the workforce that can work remotely and as virus caseloads have remained comparatively low.

GENERAL FUND REVENUE

General Fund revenue is projected to decrease by 4.7 percent in FY 2020-21 before growing by 4.7 percent in FY 2021-22. It is expected to further increase by 5.5 percent in FY 2022-23. The GF revenue forecast was revised upwards by a total of 10% between FY 2019-20 and FY 2021-22. This upward revision is due to higher than anticipated revenue collections in July as well as improved expectations for economic recovery.

CASH FUND REVENUE

Total cash fund revenue subject to TABOR was $2.2 billion in FY 2019-20, a decrease of 8.3 percent from the prior fiscal year. In FY 2020-21 cash fund revenue is projected to decline a further 4.3 percent to $2.1 billion before growing 5.0 percent in FY 2021-22.

TABOR

Revenue subject to TABOR is not expected to exceed the Referendum C cap during this forecast period.

Economic Outlook

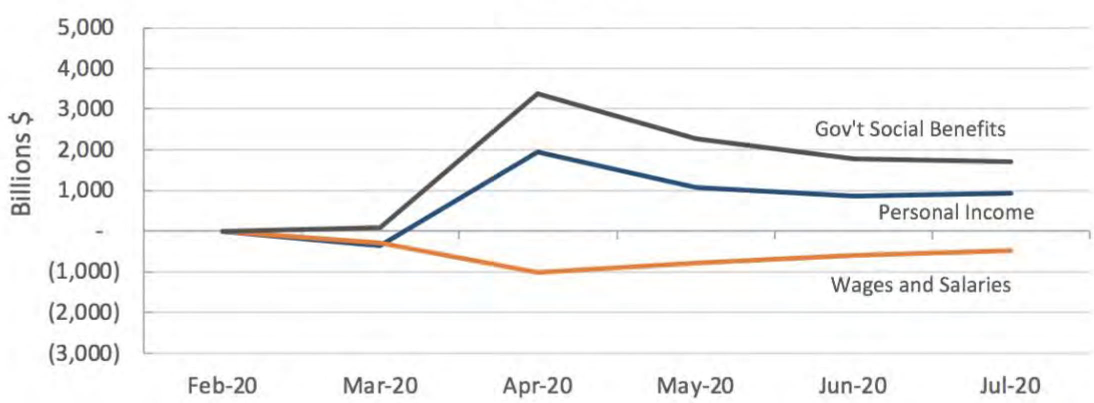
The pandemic recession that began in March significantly reduced Colorado's economic activity. Despite significant improvement from the depths of the recession in April, Colorado's economic activity remains well below normal levels. The state has recovered more than half of the jobs that were lost earlier this year, but the unemployment rate remains elevated at 6.7 percent and nearly 250,000 Coloradans are receiving unemployment benefits. Colorado's economy continues to outperform the national average.

The U.S. economy improved over the last quarter, but the rate of improvement appears to be slowing. While the unemployment rate remains above 8 percent, 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.

Personal Income and Expenditures

The pandemic caused large changes in the financial picture for American consumers. On a national level, wages and salaries dropped by about $1 trillion (on an annualized basis) between February and April. However, the federal government took swift action to provide financial assistance, including expanded unemployment benefits and stimulus checks. This federal aid was more than enough to offset the drop in wages and salaries, and personal income was 10 percent higher in April than in February despite the decline in wage income.

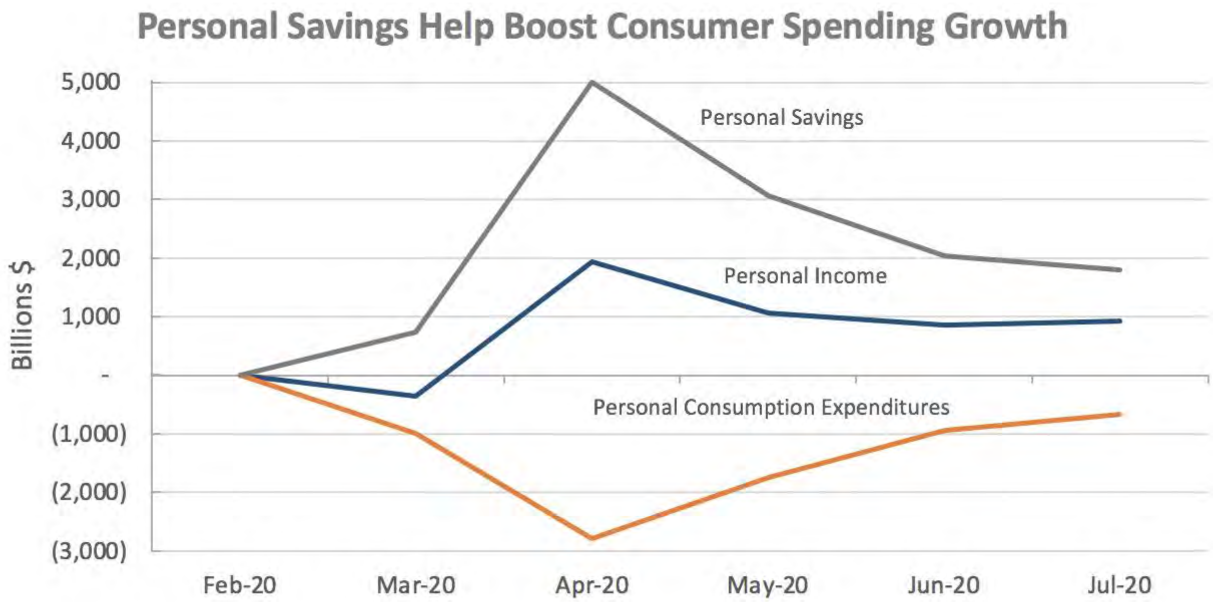
Changes in Personal Income are Driven by Government Benefits



Source: Bureau of Economic Analysis

The economy has begun to recover, as evidenced by wage and salary data. Wages and salaries have followed an upward trajectory since April, rising about $500 billion (annualized) from that low point and regaining about half of the ground lost this past spring. Total personal income remains about $1 trillion higher than in February, despite declining about $1 trillion from its peak in April when stimulus checks were distributed. Government aid has been critical in sustaining personal incomes in the midst of a severe recession and in preventing job losses and reduced wages from creating further negative impacts throughout the economy.

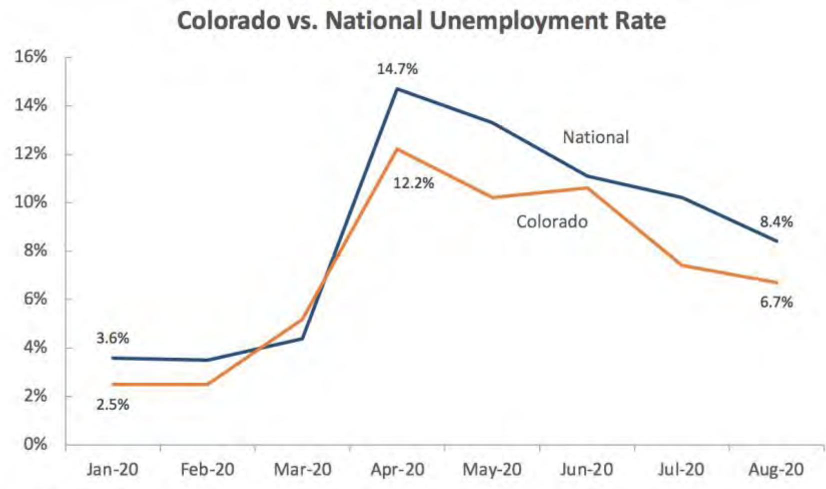
The economic recovery can also be seen in consumer spending data. Personal consumption expenditures dropped by almost $3 trillion in March and April but have since recovered, as spending in July was only about $700 billion below pre-pandemic levels. Strong growth in personal consumption expenditures reflects the continued re-opening of local businesses and consumers that are eager to spend money again.



Source: Bureau of Economic Analysis

The trajectory of consumer spending remains unclear. On one hand, consumers may tap into the high level of personal savings and continue to boost personal consumption expenditures, even if wages and salaries recover slowly. On the other hand, the epidemiological course of the pandemic continues to pose downside risks to the economy. Concern about virus transmission may hamper the growth of consumer spending.

Employment



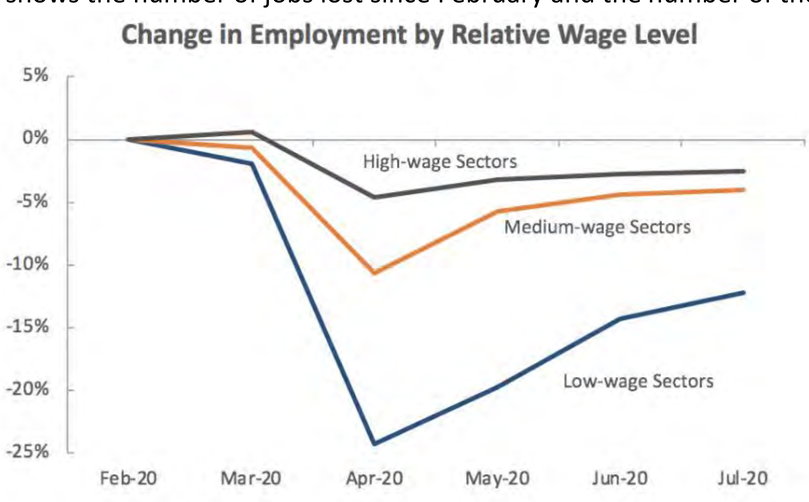
Source: Current Employment Statistics

The unemployment rate in Colorado has declined since its peak of 12.2 percent in April. The August unemployment rate was 8.4 percent for the U.S. and 6.7 percent in Colorado. Although the situation has improved over the past few months, Colorado's unemployment rate is still well above the pre-pandemic rate of 2.5 percent.

The employment picture in Colorado varies widely by economic sector, and the pandemic hit low-wage sectors the hardest. The number of jobs in Colorado's low-wage sectors dropped by nearly 25 percent between February and April. Low-wage sectors in this analysis include leisure and hospitality; trade, transportation, and utilities; and other services. Leisure and hospitality jobs fared particularly poorly; this sector lost 47 percent of its jobs between February and April.

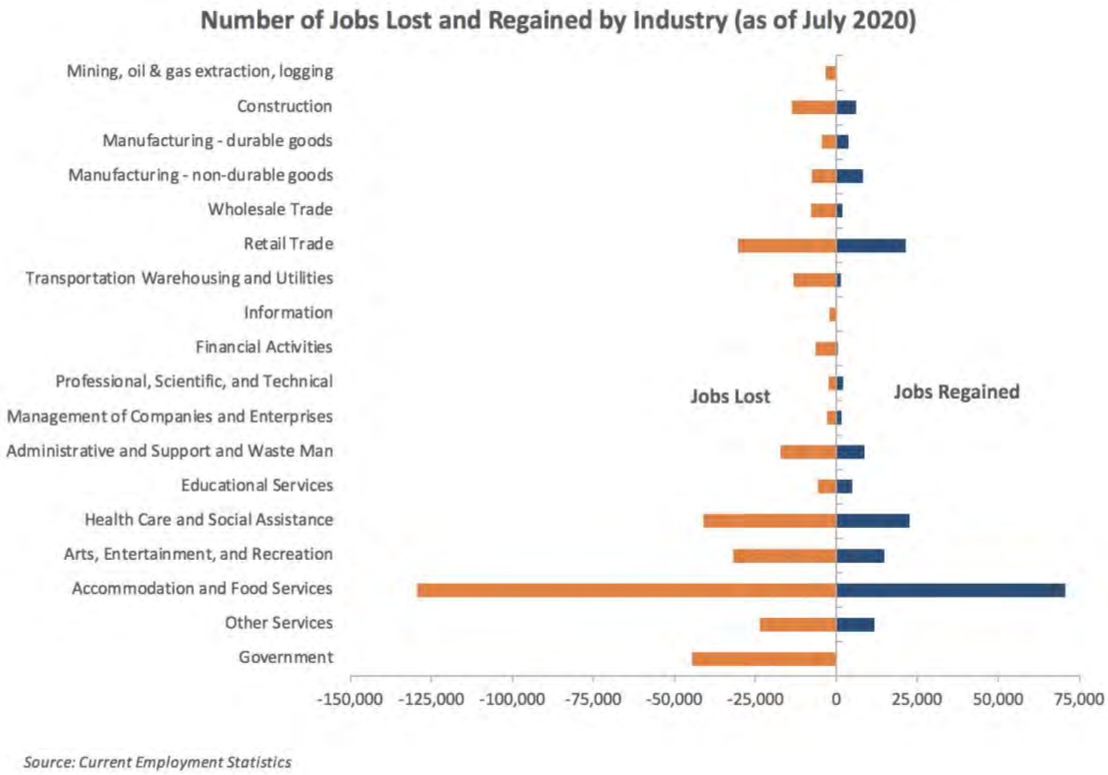
In contrast, Colorado's medium-wage sectors, including construction, manufacturing, and educational and health services, experienced only a 10 percent decline between February and April. These sectors often include essential workers. The job decline was only 5 percent in high-wage sectors, including professional and business services and financial activities. These sectors have a higher proportion of workers who were able to work remotely and were therefore less impacted by stay-at-home orders. There are some notable exceptions, however, as the mining, oil & gas, and logging sector experienced a 10 percent drop in employment.

The number of jobs lost and regained has varied dramatically across economic sectors. The graphic below shows the number of jobs lost since February and the number of those jobs regained as of July 2020. Five economic sectors lost more than 25,000 jobs and the extent to which they have regained jobs has varied dramatically. These five sectors include accommodation and food services, which regained 54 percent of lost jobs; government (zero percent regained); health care and social assistance (55 percent regained); arts, entertainment, and recreation (47 percent regained); and retail trade (70 percent regained). Only four sectors have



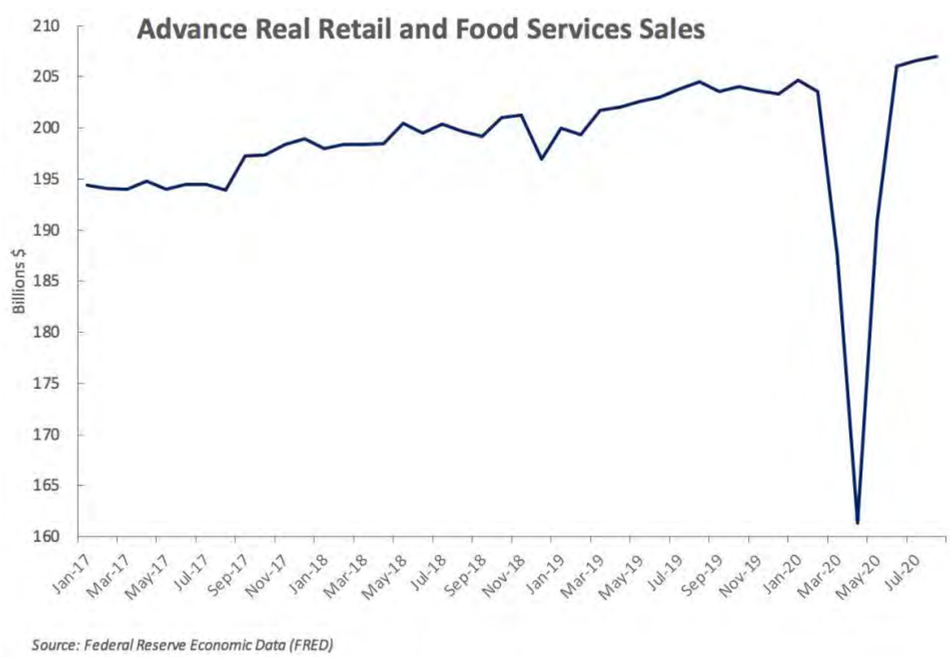
Source: Current Employment Statistics

regained more than 80 percent of lost jobs: manufacturing of non-durable goods; manufacturing of durable goods; professional, scientific, and technical services; and educational services.



Retail Sales

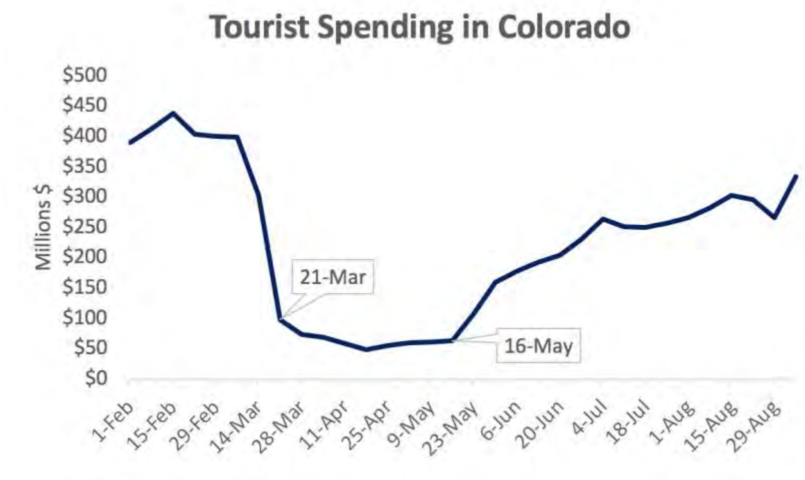
Retail spending fell sharply in March and April as businesses closed and consumers stayed home in order to slow the spread of the virus but has since fully recovered and is now at record heights, with June and July retail sales surpassing pre-pandemic levels. The graph to the right displays how abruptly trends in consumer spending fell as virus-related impacts led to a



brief economic standstill. This abrupt decrease in consumer spending is displayed by the "V-shaped" decline followed by an immediate bounce-back as the economy gradually reopened. This rapid recovery can partially be attributed to the large growth in personal income fueled by federal financial assistance, especially enhanced unemployment benefits. Retail sales have been bolstered further by an increased level of online purchases, as online sales in August were approximately 17% above 2019 levels.[1]

Tourism

The tourism industry has experienced a partial recovery after suffering an 89 percent decline in tourist spending between February and mid-April. Traveler visits and spending have increased since mid-May, and, as of late August, spending was down 40 percent over the prior year.[2] While this is a significant improvement from April levels, it also demonstrates that tourists remain hesitant to travel at pre-pandemic levels.



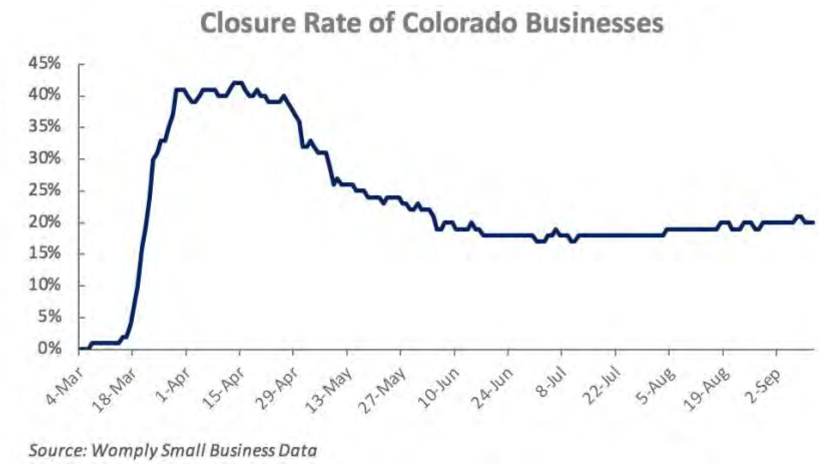
Source: US Travel Association

This decline is reflected in employment figures. Traveler accommodation and recreation and amusement industries are often among the top ten industries for new unemployment claims.[3] However, the tourism industry has recovered a portion of the jobs lost in the early stages of the pandemic. Nationwide, Tourism Economics estimates that one quarter of workers in the leisure and hospitality industry remain unemployed, despite gains since April.[4]

The recovery has been uneven across Colorado, as different types of travel return at different rates. Many travelers have expressed interest in taking regional trips in 2020 and flight activity remains depressed, suggesting more travelers are driving to their destinations.[5] Statewide, hotel occupancy in July was 37 percent lower than one year prior. Mountain communities, including Glenwood Springs (82 percent of year-ago levels), Durango (84 percent), and Estes Park (72 percent), are seeing stronger recoveries than areas along the Front Range including Denver (43 percent), Longmont (44 percent), Fort Collins (50 percent), and Greeley (52 percent).[6]

[1] Earnest Research
[2] US Travel Association
[3] Colorado Department of Labor and Employment
[4] Tourism Economics
[5] Destination Analysts and TSA
[6] Rocky Mountain Lodging Report and the Colorado Tourism Office

Small Business



Similar to national trends, Colorado small businesses seem to be avoiding the surge in business closures that had been feared, partly due to the $10.4 billion in Paycheck Protection Program (PPP) loans they have received since April. Since early June, the closure rate of Colorado small businesses has remained relatively flat. According to an August survey,[7] 80 percent of small businesses indicate that they will be able to operate for at least seven more months under current economic conditions, with 61 percent able to operate for more than a year under current conditions.

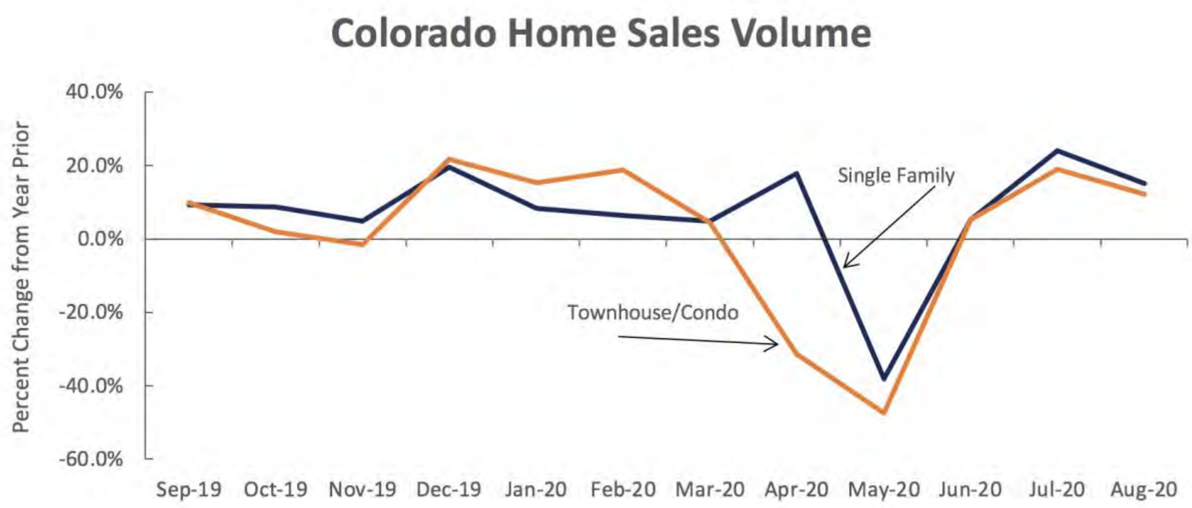
Despite these better-than-expected developments, many small businesses are struggling. Department of Revenue data from January to June shows that retail sales at small bars and restaurants (defined as those with less than $20,000 in reported state sales tax in 2019) are down 25% compared to the same period in 2019. A July survey conducted by the Colorado Restaurant Association showed that, of restaurants that had reopened, sales were down 40 percent on average compared to July 2019. A recent poll also shows that minority-owned small businesses report more signs of financial distress than other small businesses.[8] Additionally, the small business retail sector has seen a disproportionately high share of closures, while home, local, professional services, and auto services businesses have seen relatively low closure rates.[9]

Housing

The surge in unemployment to 12.2 percent in April led to early concerns about a potential wave of evictions and foreclosures during the pandemic. To date, no such wave has materialized, as most unemployed workers were sustained by an extra $600 per week in unemployment benefits through July. The Colorado Apartment Association reported that payment rates have remained high through the pandemic, ranging from 93 percent to 95 percent between April and August.[10] In response to on-time payments and eviction moratoriums, eviction rates remained lower than

[7] National Federation of Independent Businesses
[8] US Chamber of Commerce
[9] Yelp Quarter 3 Economic Impact Report
[10] Colorado Apartment Association

usual in the second quarter, as reported by the Apartment Association of Metro Denver.[11] Similarly, foreclosures fell 80 percent in the second quarter as compared to 2019, supported by closures of public trustees' offices, legal protections, and voluntary forbearance by many lenders.[12] Further, the CDC announced on September 1st that evictions would be halted until January 2021.



Source: Colorado Association of Realiters

However, more Coloradans are expected to have trouble paying their rent or mortgage beginning in September, unless additional unemployment benefits or stimulus funds are provided. As of late August, 10 percent of Coloradans surveyed by the US Census Bureau indicated they did not pay their rent on time.[13] This housing insecurity was disproportionately reported by Hispanic and Black Coloradans, as well as low-income Coloradans. Meanwhile, home sales and median home prices across Colorado hit records in July and remained strong in August as a surge of homebuyers entered the market. Single family home sales increased 18 percent between June and July, hitting a statewide record, while median home prices increased 4.1 percent over June prices and 8.6 percent over the year prior.[14] August sales prices increased another 1.7 percent over July. While home sales are booming, rental rates across metro-Denver dropped for the first time in a decade, decreasing 2.1 percent on an inflation-adjusted basis from the year before.[15]

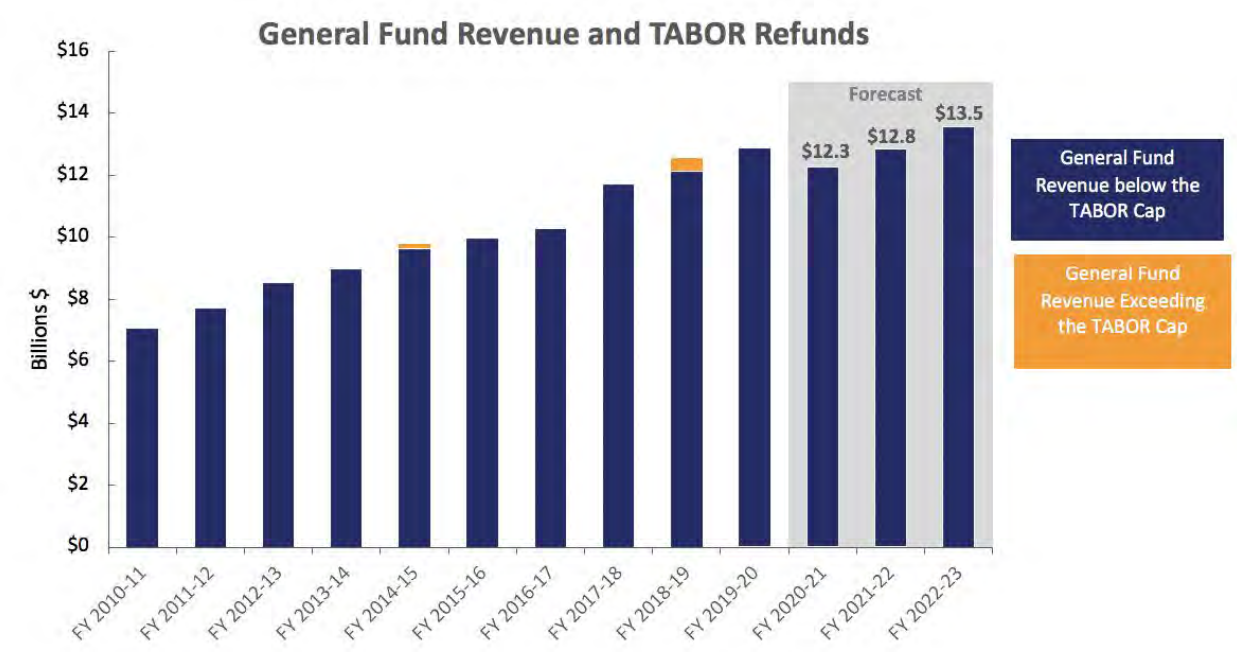
Forecast Risks

[11] Apartment Association of Metro Denver
[12] Colorado Department of Local Affairs
[13] US Census Household Pulse Survey
[14] Colorado Association of Realtors
[15] Apartment Association of Metro Denver

The economic forecast is highly dependent upon the course of the COVID-19 pandemic. This forecast assumes that intermittent periods of rising caseloads will continue to occur until a vaccine is developed and made widely available. The possibility that caseloads will significantly exceed levels experienced previously represents a downside risk to this forecast. Additionally, while the immediate economic impacts of the pandemic are visible and well-known, the second-order effects are more difficult to anticipate. Finally, while this forecast does not assume further federal fiscal relief, the consequences of reduced federal fiscal support are difficult to foresee and could result in weaker economic conditions if additional federal relief to individuals, businesses, and state and local governments is not provided.

Revenue Outlook – General Fund

General Fund revenue is projected to decrease by 4.7 percent in FY 2020-21 before growing by 4.7 percent in FY 2021-22. It is expected to further increase by 5.5% in FY 2022-23. The GF revenue forecast was revised upwards by a total of 10% between FY 2019-20 and FY 2021-22. This upward revision is due to higher than anticipated revenue collections in July as well as improved expectations for economic recovery.



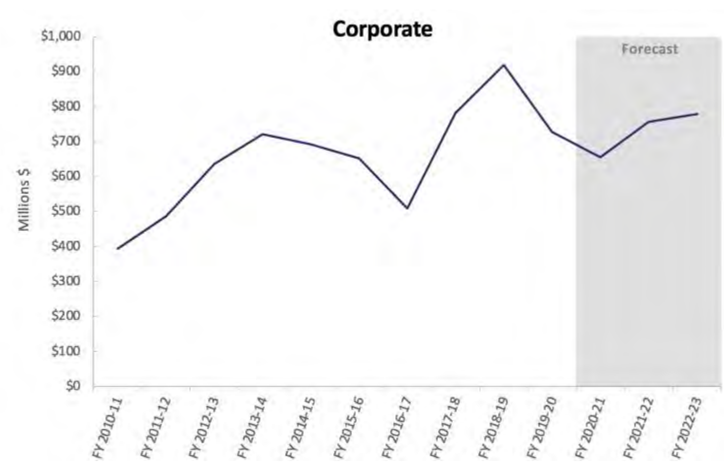
Three major revenue sources together make up about 95 percent of total General Fund revenue: individual income taxes, corporate income taxes, and sales and use taxes. General Fund revenue from the other remaining General Fund sources, such as interest earnings, taxes paid by insurers on premiums, and excise taxes on tobacco products and liquor, make up the remaining 4 percent.

Individual Income Tax

Individual income tax revenue increased by a preliminary 4.8 percent in FY 2019-20 and is expected to decline 8.1 percent in FY 2020-21. Relative to June projections, the forecast was revised upward by $700.7 million in FY 2019-20 and $1,147.5 million in FY 2020-21.

Individual income tax collections are extremely volatile during periods of economic change. Annual growth remained positive in FY 2019-20 despite the recession during the last few months of the fiscal year. Although Colorado experienced historically high unemployment rates, individual income tax withholdings remained strong as low-income earners were disproportionately impacted. Receipts are expected to decline in FY 2020-21 before resuming an upward trajectory, albeit at a slower rate than immediately before the pandemic.

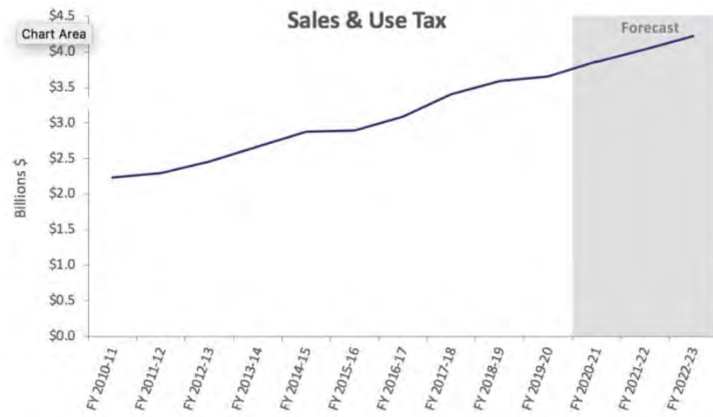
Corporate Income Tax



Corporate income tax collections fell to $728.3 million in FY 2019-20, which is a 20.8 percent decline from FY 2018-19. Some of this decline was anticipated because FY 2018-19 corporate income tax receipts were unusually high due to a large settlement agreement with a delinquent taxpayer. Corporate income tax receipts are expected to decline another 10.0 percent in FY 2020-21 before resuming growth in FY 2021-22. These estimates have been revised upwards from the June forecast. Corporate income tax collections are more volatile than most other sources of revenue as firms frequently make accounting adjustments to alter the timing and size of their tax liability.

Sales and Use Taxes

Sales tax revenue grew 4.7 percent in FY 2019-20 and is expected to grow by 6.5 percent in FY 2020-21 before slowing to 4.7 percent growth again in FY 2021-22. Relative to the June forecast,



projections were revised upwards by $112.3 million, $494.8 million and $471.9 million in those years respectively. These upward revisions are due to stronger than expected collections in recent months as well as the rapid recovery in retail sales.

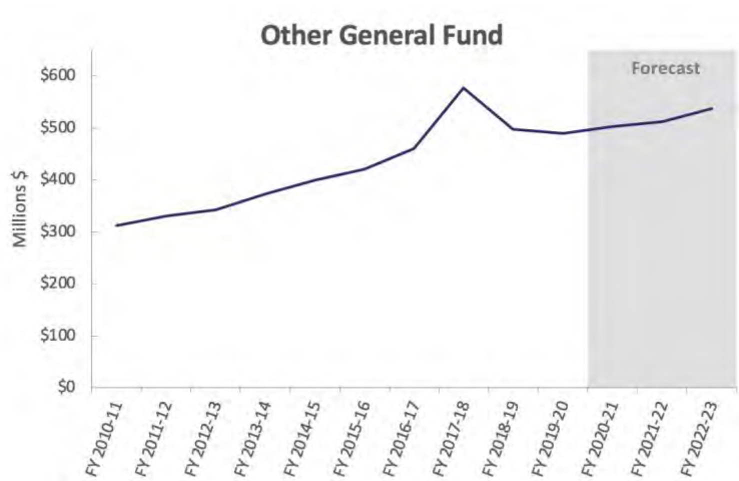
Sales tax collections declined sharply in April as businesses closed and consumers stayed home in order to stop the spread of the virus. Retail sales rebounded quickly, however, as businesses reopened and consumers turned to online retailers. Sales tax collections are expected to remain strong in coming months as pent up demand and high savings encourage consumer activity.

Use tax declined by 39.1 percent in FY 2019-20 and is projected to decline by a further 8.9 percent in FY 2020-21 and 2.7 percent in FY 2021-22. Use tax is a companion to sales tax and is paid by Colorado residents and businesses on purchases that did not collect the state sales tax. Use taxes bring in a much smaller amount of revenue than sales taxes and are often more volatile. Much of the State's use tax revenue comes from Colorado businesses paying tax on transactions involving out-of-state sellers, in addition to individuals paying taxes on online purchases where the retailer did not collect taxes. Use tax collections are expected to continue to decline as more retailers remit sales taxes directly to the State, resulting in fewer use taxes due.

The 15 percent special sales tax on marijuana retail sales is projected to increase by 8.0 percent to $265.1 million in FY 2020-21. Growth will continue at 8.0 percent in FY2021-22. This reflects a slower growth compared to prior years. Further analysis of marijuana tax collections can be found in the Revenue Outlook – Cash Funds section of this report.

Other General Fund Revenue

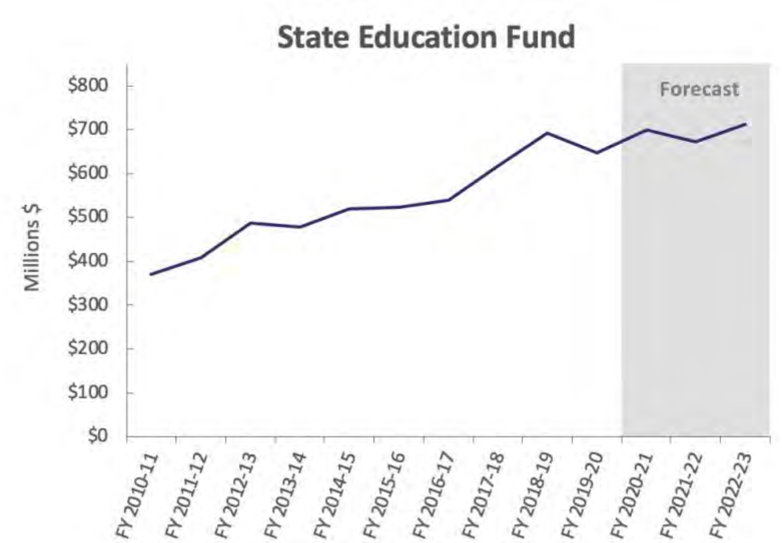
Other General Fund revenue fell by 1.7 percent in FY 2019-20 and is expected to increase 2.8 percent in FY 2020-21, followed by growth of another 1.8 percent in FY 2021-22. Major components of this revenue category include excise taxes on cigarettes, tobacco, and liquor, as well as insurance revenue and interest income.



State Education Fund

Revenue to the State Education Fund from income taxes fell by 6.7 percent in FY 2019-20 but is expected to increase 8.2 percent in FY 2020-21 and decrease 3.9 percent in FY 2021-22. This does not include transfers from other funds. The forecast for State Education Fund revenue was revised from the June forecast in conjunction with the revisions to the forecasts for individual and corporate income tax collections.

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 income tax trends in FY 2020-21 due to the impact of a delayed transfer incurred from FY 2019-20 revenue collections.



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.

Total cash fund revenue subject to TABOR was $2.2 billion in FY 2019-20, a decrease of 8.3 percent from the prior fiscal year. In FY 2020-21 cash fund revenue is projected to decline a further 4.3 percent to $2.1 billion before growing 5.0 percent in FY 2021-22.

Transportation

Transportation-related cash fund revenue fell by 6.1 percent in FY 2019-20, but is expected to grow by 1.2 percent in FY 2020-21. These forecasts have been revised downward since June, by $11.6 million in FY 2019-20 and by $14.2 million, or 1.2 percent, in FY 2020-21.

Transportation Revenue	Preliminary FY 19-20	Forecast FY 20-21	Forecast FY 21-22	Forecast FY 22-23
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	**$618.5**	**$629.6**	**$653.2**	**$665.4**
Change	-5.6%	1.8%	3.7%	1.9%
Total Registrations	**$258.7**	**$264.3**	**$270.1**	**$276.0**
Change	-2.6%	2.2%	2.2%	2.2%
Other HUTF Receipts	**$192.1**	**$189.9**	**$197.7**	**$202.0**
Change	2.1%	-1.2%	4.1%	2.2%
Total HUTF	**$1,069.3**	**$1,083.8**	**$1,121.0**	**$1,143.4**
Change	-3.6%	1.4%	3.4%	2.0%
State Highway Fund	**$27.5**	**$23.1**	**$25.2**	**$27.5**
Change	-30.9%	-16.1%	9.0%	9.2%
Other Transportation Funds	**$101.4**	**$105.4**	**$117.5**	**$118.5**
Change	-20.1%	4.0%	11.5%	0.9%
Total Transportation Funds	***$1,198.2***	***$1,212.3***	***$1,263.6***	***$1,289.4***
Change	*-6.1%*	*1.2%*	*4.2%*	*2.0%*

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 sources for the largest portion of transportation cash funds is the HUTF, which is comprised of motor fuel taxes and registration fees.

The COVID-19 crisis prompted the closure of businesses and increased the number of employees working remotely while also creating a decline in tourist travel. The continued COVID containment efforts have reduced the number of daily commuters and vehicle miles traveled throughout the state.

Limited Gaming

Limited gaming revenue totaled $82.3 million in FY 2019-20, a modest increase over the June forecast. This represents a 34 percent reduction from FY 2018-19 gaming revenue due to casino closures from mid-March to mid-June. Gaming activity is expected to remain depressed even with casinos reopened, due to social distancing measures and public concerns about the safety of engaging in activities in crowded public spaces. Revenue in FY 2020-21 is expected to partially recover to $93.1 million, followed by $111.1 million in FY 2021-22.

The distribution of gaming revenue to limited gaming recipients and extended limited gaming recipients was modified by HB 20-1399 and HB 20-1400. These bills suspended for two years the distributions of the State's share of revenue to program recipients and temporarily modified the distribution between limited gaming and extended limited gaming recipients, respectively. These modified distributions are shown in the table below.

In FY 2019-20, $69 million was classified as "base limited gaming revenue." Most of this revenue will be distributed to base revenue recipients, while $15.4 million will be distributed to extended limited gaming recipients, or Amendment 50 recipients. In FY 2020-21, base limited gaming revenue is expected to grow to $73.8 million, and in FY 2021-22 to $91.3 million. Revenue is not forecasted to reach FY 2018-19 levels until FY 2022-23.

In November 2019, Colorado voters approved Proposition DD, which legalized sports betting and authorized a tax on sports betting proceeds to fund water projects. Revenue from the tax on sports betting proceeds is not subject to TABOR, while revenue from licensing fees of sports betting operators is. Revenue from the tax on proceeds and operator licensing fees will be accounted for separately from the gaming funds reported here. Revenue collection associated with sports betting licenses began in December 2019 and sports betting began in May 2020.

Distribution of Limited Gaming Revenues	Preliminary FY 19-20	Forecast FY 20-21	Forecast FY 21-22	Forecast FY 22-23
A. Total Limited Gaming Revenues	**$82.3**	**$93.1**	**$111.1**	**$127.2**
Annual Percent Change	-34.2%	13.1%	19.4%	14.4%
B. Base Limited Gaming Revenues	**$69.0**	**$73.8**	**$91.3**	**$106.8**
Annual Percent Change	-34.2%	6.9%	23.8%	17.0%
C. Gaming Revenue Subject to TABOR	**$70.7**	**$75.4**	**$93.0**	**$108.5**
Annual Percent Change	-33.9%	6.6%	23.3%	16.7%
D. Total Amount to Base Revenue Recipients	**$52.0**	**$62.1**	**$79.2**	**$94.4**
Amount to State Historical Society (28%)	$14.6	$17.4	$22.2	$26.4
Amount to Counties (12%)	$6.2	$7.5	$9.5	$11.3
Amount to Cities (10%)	$5.2	$6.2	$7.9	$9.4
Amount to Distribute to Remaining Programs (State Share) (50%)	$26.0	$31.1	$39.6	$47.2
Amount to Local Government Impact Fund	$0.0	$0.0	$5.4	$6.4
Colorado Tourism Promotion Fund	$0.0	$0.0	$15.0	$15.0
Creative Industries Cash Fund	$0.0	$0.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.0	$0.0	$0.5	$0.5
Advanced Industries Acceleration Fund	$0.0	$0.0	$5.5	$5.5
Innovative Higher Education Research Fund	$0.0	$0.0	$2.1	$2.1
Transfer to the General Fund	$26.0	$31.1	$9.1	$15.7
E. Total Amount to Amendment 50 Revenue Recipients	**$15.4**	**$15.9**	**$16.9**	**$17.8**
Community Colleges, Mesa and Adams State (78%)	$12.0	$12.4	$13.2	$13.9
Counties (12%)	$1.8	$1.9	$2.0	$2.1
Cities (10%)	$1.5	$1.6	$1.7	$1.8

Severance

Severance tax revenue fell to $131.7 million in FY 2019-20 and is expected to decline further to $20.0 million in FY 2020-21 as production values remain low and producers claim ad valorem credits. Collection levels are expected to see a moderate rebound in FY 2021-22 and FY 2022-23, with projected revenue increasing to $39.9 million in FY 2021-22 and $61 million in FY 2022-23. As the economy recovers, oil prices are anticipated to increase modestly, resulting in increased production activity.

Marijuana

Marijuana taxes grew 32.4 percent in FY 2019-20, totaling $347.3 million. This is an 11.8 percent increase from the June 2020 forecast due to strong collections throughout the pandemic recession. Medical and recreational marijuana sales exceeded expectations and continued to grow, reaching record sales numbers in May, June, and July. As a result, forecasted revenue in FY 2020-21 is expected to continue growing at a strong rate to $361.4 million and to $388.8 million in FY 2021-22.

Tax Revenue from the Marijuana Industry	Preliminary FY 19-20	Forecast FY 20-21	Forecast FY 21-22	Forecast FY 22-23
Proposition AA Taxes				
Retail Marijuana 15% Special Sales Tax	$245.5	$265.1	$286.3	$306.3
Retail Marijuana 15% Excise Tax	$88.5	$84.1	$90.4	$93.1
Total Proposition AA Taxes	**$334.0**	**$349.2**	**$376.7**	**$399.4**
2.9% Sales Tax & Interest (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$11.7	$10.7	$10.5	$10.3
Retail Marijuana 2.9% State Sales Tax	$1.3	$1.3	$1.3	$1.3
Interest Earnings	$0.3	$0.3	$0.3	$0.4
Total 2.9% Sales Taxes & Interest	**$13.3**	**$12.3**	**$12.1**	**$11.9**
Total Marijuana Taxes	**$347.3**	**$361.4**	**$388.8**	**$411.4**

The revenue from the 15 percent special sales tax goes to the General Fund, the Marijuana Tax Cash Fund, local governments, and the Public School Fund. Proposition AA also included an excise tax of 15 percent on retail marijuana sales that is credited to public school cash funds. The forecasted distribution of marijuana tax revenue is shown in the table below.

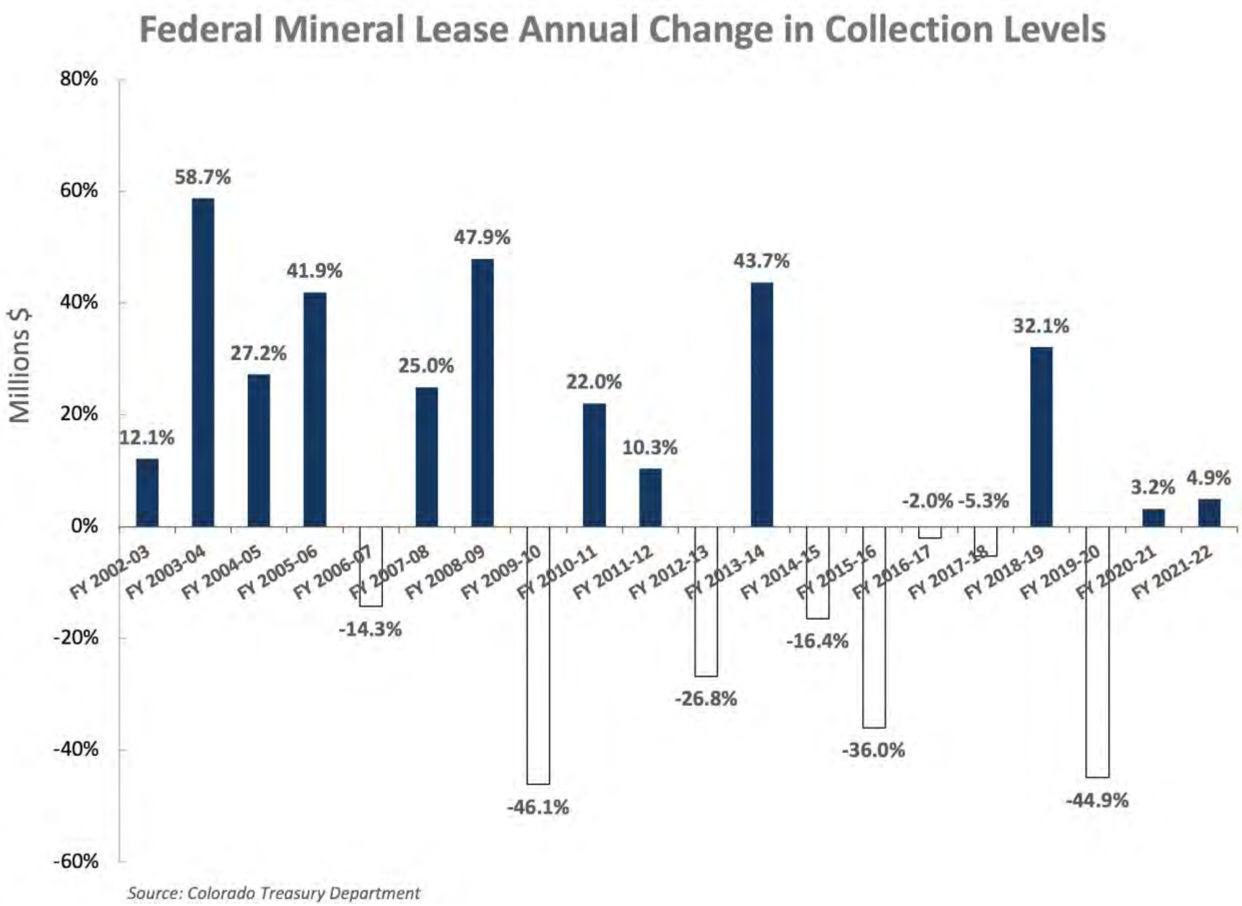
Fiscal Year	Total Marijuana Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Permanent Fund	Public School Fund	Marijuana Tax Cash Fund
FY 2019-20 Preliminary	$347.3	$24.5	$34.4	$88.5	$0.0	$27.8	$172.1
FY 2020-21 Projected	$361.4	$26.5	$37.1	$40.0	$0.0	$74.1	$183.7
FY 2021-22 Projected	$388.8	$28.6	$40.1	$90.4	$0.0	$32.4	$197.2
FY 2022-23 Projected	$411.4	$30.6	$42.9	$93.1	$0.0	$34.7	$210.0

Federal Mineral Lease

Federal Mineral Lease (FML) revenue decreased by 44.9 percent to $62.7 million in FY 2019-20 due largely to the effects of lower natural gas prices. FML revenue is expected to increase by 3.2 percent in FY 2020-21 and 4.9 percent in FY 2021-22 as prices stabilize.

Fiscal Year	Bonus Payments	Non-Bonus Payments	Total FML	% Change
FY 2019-20 Final	$0.8	$61.9	$62.7	-44.9%
FY 2020-21 Projected	$1.9	$62.8	$64.7	3.2%
FY 2021-22 Projected	$2.0	$65.9	$67.9	4.9%
FY 2022-23 Projected	$0.8	$82.0	$82.8	21.9%

Oil and gas prices on average are anticipated to remain below producer breakeven points throughout the first quarter of FY 2020-21 before improving to levels that incentivize increased production activity by energy firms. This trend is expected to continue throughout the next two fiscal years, as oil and gas prices recover along with the national economy. While FML revenue is exempt from TABOR, it is included here because a portion of the money is distributed to the Public School Fund, where it is used for the State's share of K-12 school finance.



Other Cash Funds

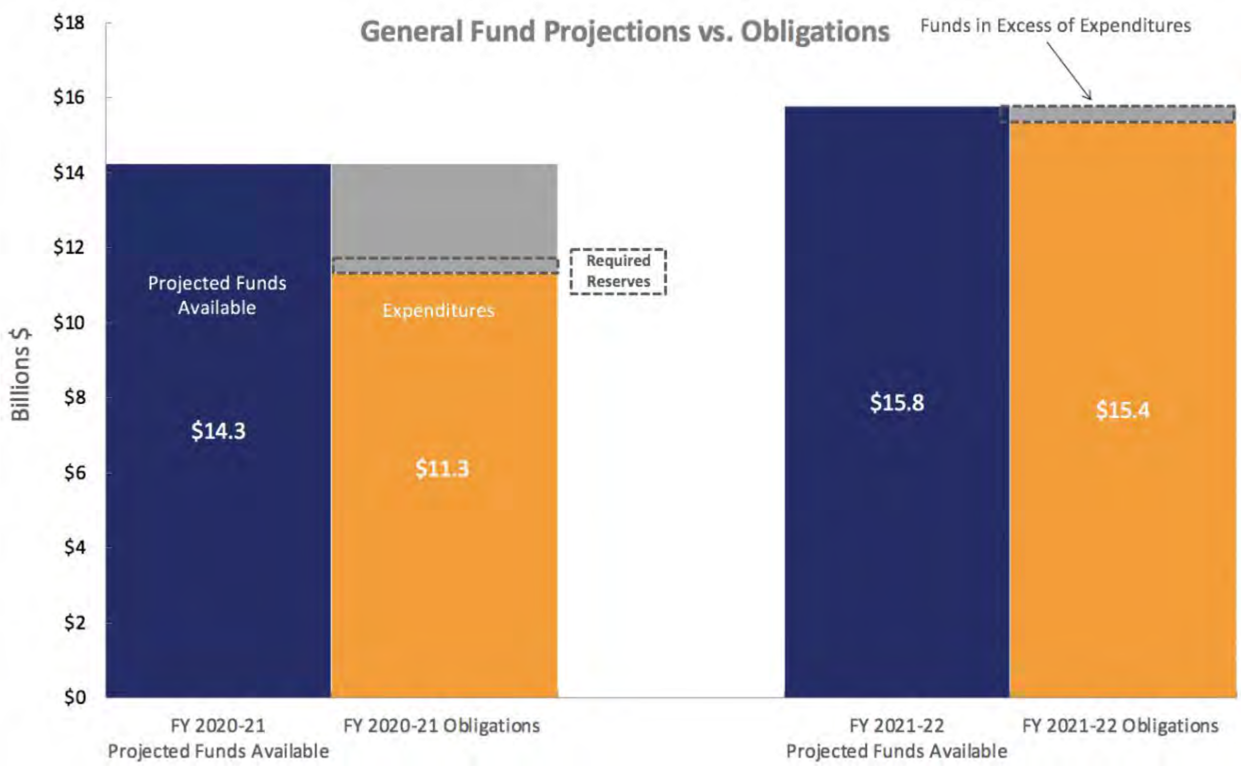
The State receives revenue from a variety of other cash funds as well. This includes cash fund revenue to the Department of Regulatory Agencies (DORA), which is projected to increase approximately 1.3 percent to $82.8 million. Insurance-related cash fund revenue is obtained largely from a surcharge on workers' compensation insurance and has been adjusted upward on expectations of a slight increase in the workers' compensation insurance industry. The forecasted revenue is $20.8 million in FY 2020-21, with a 2.2 percent increase in FY 2021-22 to $21.3 million.

Finally, the "Other Miscellaneous Cash Funds" category includes revenue from over 300 cash fund programs which 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. The miscellaneous cash fund forecast has been revised downward to $726.9 million in FY 2019-20, which is 6.7 percent lower than the June 2020 forecast. Revenue in FY 2020-21 is projected to be $717.8 million.

Budget Outlook

General Fund

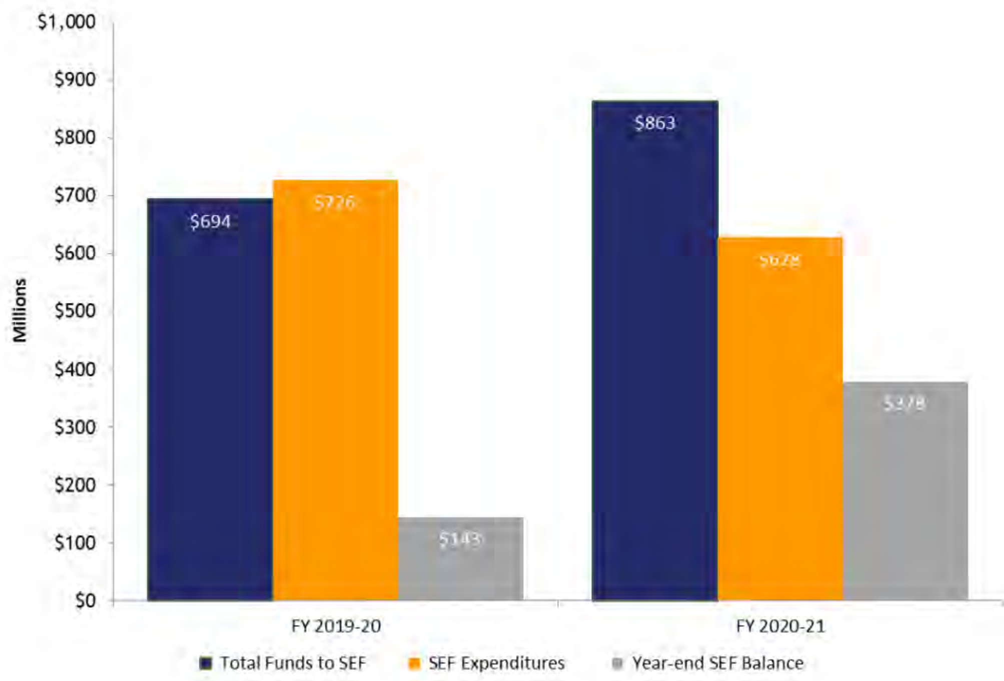
General Fund revenue increased 2.4 percent in FY 2019-20 and is projected to decrease 4.6 percent in FY 2020-21 before growing 4.7 percent in FY 2021-22 and 5.5 percent in FY 2022-23. General Fund revenue for FY 2019-20 is $895.6 million, or 7.6 percent higher than was estimated in June, largely because of higher than anticipated tax collections in July 2020 after the deferral of income tax filing deadlines from April into July. The forecast for FY 2020-21 is $1,532.8 million, or 14.6 percent higher than estimated in June.



The General Fund reserve was above the required statutory reserve amount of 3.1 percent of appropriations in FY 2019-20. The General Assembly modified the statutory reserve requirement in HB 20-1383. Under that law, the statutory reserve requirement is 3.07 percent of appropriations in FY 2019-20, 2.86 percent of appropriations in FY 2020-21 and FY 2021-22, and 7.25 percent of appropriations in FY 2022-23. Under this forecast, the General Fund reserve is projected to also be above the statutory reserve amount in FY 2020-21. The chart above summarizes total projected General Fund revenue available, total obligations, and reserve levels for FY 2020-21 and FY 2021-22.

State Education Fund

The State Education Fund's year-end balance was $143.3 million in FY 2019-20 and is projected to increase to $378.1 million in FY 2020-21, including transfers. The figure below summarizes total State Education Fund revenue, expenditures, and ending balances for FY 2019-20 and FY 2020-21.



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 elevated risks associated with the COVID-19 pandemic and recession.

The forecast reflects the latest projections of the impacts that COVID-19 may have on State revenues and expenditures, yet the epidemiological course of COVID-19 and the economic recovery are highly uncertain. Although economic conditions could be more negative than described in this forecast, the risks to the budget outlook are balanced to the upside.

Supplemental Materials

An overview of General Fund and State Education Fund revenue, expenditures, and end-of-year reserves is provided in the Reference Tables at the end of this document. A more detailed discussion of the information presented in the Reference Tables can be found at the Office of State Planning and Budgeting's website: www.colorado.gov/governor/economics.

TABOR Outlook

Under Article X, Section 20 of the State Constitution, the Taxpayer's Bill of Rights (TABOR), revenue received from certain sources is subject to an annual limit determined by the prior year's limit after adjustments for inflation and population growth. Any TABOR revenue received above the cap is to be refunded to taxpayers in the subsequent fiscal year. Revenue subject to TABOR exceeded the revenue cap by $428.3 million in FY 2018-19 but did not exceed the cap in FY 2019-20 and is not projected to be above the cap for the duration of the forecast period.

Current law specifies three mechanisms by which revenue in excess of the cap is to be refunded to taxpayers: the senior homestead and disabled veterans property tax exemptions, a temporary income tax rate reduction (from 4.63 percent to 4.50 percent), and a sales tax refund. The size of the refund determines which refund mechanisms are utilized.

An estimated $270.5 million of the $428.5 million refund obligation from FY 2018-19 is being distributed as an income tax rate reduction, while $151.2 million is being refunded via the senior homestead and disabled veterans property tax exemption expenditures in FY 2019-20. Any difference between estimated refunds and actual refunds will be corrected in the next fiscal year in which a refund is owed.

No refunds are projected for FY 2020-21 or the duration of the forecast period.

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

Line No.		Actual						September 2020 Forecast		
		2014	2015	2016	2017	2018	2019	2020	2021	2022
	Income									
1	Personal Income (Billions) /A	$271.3	$284.2	$289.6	$310.8	$332.9	$353.1	$371.1	$370.7	$385.6
2	Change	8.8%	4.8%	1.9%	7.3%	7.1%	6.1%	5.1%	-0.1%	4.0%
3	Wage and Salary Income (Billions) /A	$138.6	$146.5	$151.0	$160.7	$170.1	$182.1	$178.1	$187.9	$195.0
4	Change	7.0%	5.7%	3.1%	6.4%	5.8%	7.1%	-2.2%	5.5%	3.8%
5	Per-Capita Income ($/person) /A	$50,711	$52,147	$52,278	$55,374	$58,500	$61,314	$63,834	$63,322	$65,236
6	Change	7.2%	2.8%	0.3%	5.9%	5.6%	4.8%	4.1%	-0.8%	3.0%
	Population & Employment									
7	Population (Thousands)	5,350.1	5,450.6	5,539.2	5,611.9	5,691.3	5,758.7	5,813.4	5,854.6	5,910.1
8	Change	1.5%	1.9%	1.6%	1.3%	1.4%	1.2%	1.0%	0.7%	0.9%
9	Net Migration (Thousands)	48.4	69.7	58.4	44.8	53.2	41.9	30.0	20.0	35.0
10	Unemployment Rate	5.0%	3.9%	3.3%	2.8%	3.2%	2.8%	7.1%	6.3%	5.4%
11	Total Nonagricultural Employment (Thousands)	2,463.7	2,541.0	2,601.8	2,660.3	2,727.3	2,785.6	2,651.9	2,712.9	2,764.4
12	Change	3.5%	3.1%	2.4%	2.2%	2.5%	2.1%	-4.8%	2.3%	1.9%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	28.7	31.9	39.0	40.7	42.6	38.6	34.6	37.9	40.3
14	Change	4.3%	11.1%	22.3%	4.4%	4.8%	-9.4%	-10.4%	9.5%	6.3%
15	Nonresidential Construction Value (Millions) /B	$4,350.9	$4,990.8	$5,989.0	$6,159.6	$8,140.4	$5,038.3	$4,675.5	$5,063.6	$5,347.2
16	Change	20.1%	14.7%	20.0%	2.8%	32.2%	-38.1%	-7.2%	8.3%	5.6%
	Prices									
17	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100) /C	237.2	240.0	246.6	255.0	262.0	267.0	273.7	280.0	286.1
18	Change	2.8%	1.2%	2.8%	3.4%	2.7%	1.9%	2.5%	2.3%	2.2%

/A Personal Income as reported by the federal Bureau of Economic Analysis includes: wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions from government social insurance.

/B Nonresidential Construction Value is reported by Dodge Analytics (McGraw-Hill Construction) and includes new construction, additions, and major remodeling projects predominately at commercial and manufacturing facilities, educational institutions, and medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways, bridges and utilities).

/C In 2018 the geography and data frequency of this series were revised. 2017 and prior years represent Denver-Boulder-Greeley regional prices.

Table 2: National Economic Variables – History and Forecast

Line No.		Actual						September 2020 Forecast		
		2014	2015	2016	2017	2018	2019	2020	2021	2022
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$16,912.0	$17,432.2	$17,730.5	$18,144.1	$18,687.8	$19,091.7	$18,156.2	$18,827.9	$19,486.9
2	Change	2.5%	3.1%	1.7%	2.3%	3.0%	2.2%	-4.9%	3.7%	3.5%
3	Personal Income (Billions) /B	$14,991.7	$15,724.2	$16,160.7	$16,948.6	$17,851.8	$18,551.5	$19,571.8	$19,454.4	$20,135.3
4	Change	5.7%	4.9%	2.8%	4.9%	5.3%	3.9%	5.5%	-0.6%	3.5%
5	Per-Capita Income ($/person)	$47,099	$49,041	$50,042	$52,152	$54,645	$56,518	$59,330	$58,681	$60,432
6	Change	5.0%	4.1%	2.0%	4.2%	4.8%	3.4%	5.0%	-1.1%	3.0%
7	Wage and Salary Income (Billions) /B	$7,475.2	$7,859.5	$8,089.1	$8,471.5	$8,894.2	$9,309.3	$9,085.9	$9,567.5	$9,892.8
8	Change	5.1%	5.1%	2.9%	4.7%	5.0%	4.7%	-2.4%	5.3%	3.4%
	Population & Employment									
9	Population (Millions)	318.3	320.6	322.9	325.0	326.7	328.2	329.9	331.5	333.2
10	Change	0.7%	0.7%	0.7%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
11	Unemployment Rate	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.4%	7.4%	6.5%
12	Total Nonagricultural Employment (Millions)	138.9	141.8	144.3	146.6	148.9	150.9	142.2	145.5	147.9
13	Change	1.9%	2.1%	1.8%	1.6%	1.6%	1.4%	-5.8%	2.3%	1.7%
	Other Key Indicators									
14	Consumer Price Index (1982-84=100)	236.7	237.0	240.0	245.1	251.1	255.7	259.0	264.4	269.7
15	Change	1.6%	0.1%	1.3%	2.1%	2.4%	1.8%	1.3%	2.1%	2.0%
16	Pre-Tax Corporate Profits (Billions)	$2,120.2	$2,060.5	$2,023.7	$2,114.5	$2,243.0	$2,250.5	$2,012.0	$2,396.2	$2,611.9
17	Change	5.4%	-2.8%	-1.8%	4.5%	6.1%	0.8%	-10.6%	19.1%	9.0%
18	Housing Permits (Millions)	1.052	1.183	1.207	1.282	1.329	1.386	1.278	1.447	1.547
19	Change	6.2%	12.4%	2.0%	6.3%	3.6%	4.3%	-7.8%	13.2%	6.9%
20	Retail Trade (Billions)	$5,215.7	$5,349.5	$5,510.2	$5,744.8	$6,001.6	$6,218.0	$6,019.0	$6,536.7	$6,798.1
21	Change	4.3%	2.6%	3.0%	4.3%	4.5%	3.6%	-3.2%	8.6%	4.0%

/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 2019-20	% Chg	September 2020 Estimate by Fiscal Year FY 2020-21	% Chg	FY 2021-22	% Chg	FY 2022-23	% Chg
	Excise Taxes:								
1	Sales	$3,196.0	4.7%	$3,404.2	6.5%	$3,562.9	4.7%	$3,724.9	4.5%
2	Use	$210.5	-39.1%	$191.7	-8.9%	$186.5	-2.7%	$190.3	2.0%
3	Retail Marijuana Sales - Special Sales Tax	$245.5	27.4%	$265.1	8.0%	$286.3	8.0%	$306.3	7.0%
4	Cigarette	$32.5	-0.1%	$31.8	-2.4%	$30.9	-2.8%	$30.1	-2.6%
5	Tobacco Products	$24.4	9.5%	$30.3	24.4%	$26.2	-13.5%	$26.9	2.3%
6	Liquor	$50.1	3.7%	$51.7	3.2%	$52.8	2.2%	$54.0	2.2%
7	**Total Excise**	**$3,759.0**	**1.7%**	**$3,974.8**	**5.7%**	**$4,145.7**	**4.3%**	**$4,332.4**	**4.5%**
	Income Taxes:								
8	Net Individual Income	$8,645.5	4.8%	$7,942.4	-8.1%	$8,208.8	3.4%	$8,724.7	6.3%
9	Net Corporate Income	$728.3	-20.8%	$655.1	-10.0%	$755.9	15.4%	$778.4	3.0%
10	**Total Income**	**$9,373.8**	**2.3%**	**$8,597.5**	**-8.3%**	**$8,964.6**	**4.3%**	**$9,503.1**	**6.0%**
11	*Less: State Education Fund Diversion*	*$646.7*	*-6.7%*	*$699.4*	*8.2%*	*$672.3*	*-3.9%*	*$712.7*	*6.0%*
12	**Total Income to General Fund**	**$8,727.1**	**3.0%**	**$7,898.1**	**-9.5%**	**$8,292.3**	**5.0%**	**$8,790.4**	**6.0%**
	Other Revenue:								
13	Insurance	$337.4	7.2%	$330.7	-2.0%	$347.6	5.1%	$368.9	6.1%
14	Interest Income	$31.1	17.2%	$29.4	-5.5%	$27.5	-6.4%	$29.1	5.8%
15	Pari-Mutuel	$0.4	-23.7%	$0.4	-2.0%	$0.4	-2.0%	$0.4	-2.0%
16	Court Receipts	$3.9	-6.7%	$3.9	-0.5%	$3.9	0.0%	$3.9	0.0%
17	Other Income	$9.7	-80.2%	$25.2	160.1%	$22.9	-9.0%	$24.1	5.2%
18	**Total Other**	**$382.5**	**-3.1%**	**$389.5**	**1.8%**	**$402.3**	**3.3%**	**$426.3**	**6.0%**
19	**GROSS GENERAL FUND**	**$12,868.5**	**2.4%**	**$12,262.4**	**-4.7%**	**$12,840.3**	**4.7%**	**$13,549.1**	**5.5%**

/A Dollars in millions.

Table 4: General Fund Overview /A

Line No.		Preliminary FY 2019-20	September 2020 Estimate by Fiscal Year FY 2020-21	FY 2021-22	FY 2022-23
Revenue					
1	**Beginning Reserve**	**$1,262.6**	**$1,664.1**	**$2,933.9**	**$421.7**
2	**Gross General Fund Revenue**	**$12,868.5**	**$12,262.4**	**$12,840.3**	**$13,549.1**
3	*Transfers to the General Fund*	$248.7	$323.5	$12.2	$16.4
4	**TOTAL GENERAL FUND AVAILABLE**	**$14,379.8**	**$14,250.1**	**$15,786.4**	**$13,987.2**
Expenditures					
5	**Appropriation Subject to Limit**	**$11,805.2**	**$10,658.5**	**$14,743.4**	**$12,370.1**
6	*Dollar Change (from prior year)*	$546.4	-$1,146.7	$4,085.0	-$2,373.3
7	*Percent Change (from prior year)*	4.9%	-9.7%	38.3%	-16.1%
8	**Spending Outside Limit**	**$910.5**	**$657.7**	**$621.3**	**$720.3**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$0.0	$0.0	$0.0	$0.0
10	*Homestead Exemption (Net of TABOR Refund)*	$0.0	$164.2	$174.9	$189.0
11	*Other Rebates and Expenditures*	$145.7	$142.5	$149.7	$152.8
12	*Transfers for Capital Construction*	$213.6	$23.0	$20.0	$50.0
13	*Transfers for Transportation*	$300.0	$0.0	$0.0	$50.0
14	*Transfers to State Education Fund*	$40.3	$113.0	$23.0	$0.0
15	*Transfers to Other Funds*	$210.9	$214.9	$253.6	$278.4
16	*Other Expenditures Exempt from General Fund Appropriations Limit*	$0.0	$0.0	$0.0	$0.0
17	**TOTAL GENERAL FUND OBLIGATIONS**	**$12,715.6**	**$11,316.1**	**$15,364.7**	**$13,090.4**
18	*Percent Change (from prior year)*	-1.1%	-11.0%	35.8%	-14.8%
19	Reversions and Accounting Adjustments	$0.0	$0.0	$0.0	$0.0
Reserves					
20	**Year-End General Fund Balance**	**$1,664.1**	**$2,933.9**	**$421.7**	**$896.8**
21	*Year-End General Fund as a % of Appropriations*	14.1%	27.5%	2.9%	7.2%
22	*General Fund Statutory Reserve*	$362.4	$304.8	$421.7	$896.8
23	*Above/Below Statutory Reserve*	$1,301.7	$2,629.1	$0.0	$0.0

/A FY 2020-21 expenditures based on preliminary analysis of legislation passed by the General Assembly in 2020. FY 2021-22 expenditures will be adopted in future budget legislation. Therefore, FY 2021-22 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 2019-20	September 2020 Estimate by Fiscal Year FY 2020-21	FY 2021-22	FY 2022-23
Revenue					
1	**Beginning Reserves**	**$1,438.6**	**$1,807.5**	**$3,312.0**	**$621.7**
2	*State Education Fund*	$176.0	$143.3	$378.1	$200.0
3	*General Fund*	$1,262.6	$1,664.1	$2,933.9	$421.7
4	**Gross State Education Fund Revenue**	**$693.7**	**$862.6**	**$702.3**	**$718.9**
5	**Gross General Fund Revenue /B**	**$13,117.2**	**$12,585.9**	**$12,852.4**	**$13,565.6**
6	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$15,249.5**	**$15,256.1**	**$16,866.8**	**$14,906.2**
Expenditures					
7	General Fund Expenditures /C	$12,715.6	$11,316.1	$15,364.7	$13,090.4
8	State Education Fund Expenditures	$726.4	$627.9	$880.4	$718.9
9	**TOTAL OBLIGATIONS**	**$13,442.0**	**$11,944.0**	**$16,245.1**	**$13,809.3**
10	*Percent Change (from prior year)*	0.0%	-11.1%	36.0%	-15.0%
11	*Reversions and Accounting Adjustments*	$0.0	$0.0	$0.0	$0.0
Reserves					
12	**Year-End Balance**	**$1,807.5**	**$3,312.0**	**$621.7**	**$1,096.8**
13	State Education Fund	$143.3	$378.1	$200.0	$200.0
14	General Fund	$1,664.1	$2,933.9	$421.7	$896.8
15	*General Fund Above/Below Statutory Reserve*	$1,301.7	$2,629.1	$0.0	$0.0

/A FY 2020-21 expenditures based on preliminary analysis of legislation passed by the General Assembly in 2020. FY 2021-22 expenditures will be adopted in future budget legislation. Therefore, FY 2021-22 expenditures and fund balance projections shown are illustrative only. Dollars in millions.
/B This amount includes transfers to the General Fund.
/C General Fund expenditures include appropriations subject to the limit of 5.0 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	Actual FY 2019-20	September 2020 Estimate by Fiscal Year FY 2020-21	FY 2021-22	FY 2022-23
1	**Transportation-Related /A**	**$1,198.2**	**$1,212.3**	**$1,263.6**	**$1,289.4**
2	Change	-6.1%	1.2%	4.2%	2.0%
3	**Limited Gaming Fund /B**	**$69.1**	**$75.4**	**$93.0**	**$108.5**
4	Change	-35.4%	9.0%	23.3%	16.7%
5	**Capital Construction - Interest**	**$6.3**	**$6.1**	**$6.2**	**$6.3**
6	Change	33.6%	-3.2%	1.6%	0.8%
7	**Regulatory Agencies**	**$81.1**	**$89.2**	**$91.1**	**$91.4**
8	Change	2.9%	10.0%	2.2%	0.3%
9	**Insurance-Related**	**$24.9**	**$20.8**	**$21.3**	**$23.1**
10	Change	10.5%	-16.5%	2.2%	8.5%
11	**Severance Tax**	**$131.7**	**$20.0**	**$39.9**	**$61.0**
12	Change	-48.4%	-84.8%	99.5%	52.9%
13	**Other Miscellaneous Cash Funds**	**$725.3**	**$717.8**	**$733.1**	**$749.3**
14	Change	4.5%	-1.0%	2.1%	2.2%
15	**TOTAL CASH FUND REVENUE**	***$2,236.8***	***$2,141.6***	***$2,248.3***	***$2,328.9***
16	Change	-8.3%	-4.3%	5.0%	3.6%

/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.

/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.		Actual FY 2019-20	September 2020 Estimate by Fiscal Year FY 2020-21	FY 2021-22	FY 2022-23
	TABOR Revenues:				
1	General Fund /A	$12,629.5	$11,997.3	$12,554.0	$13,242.8
	Percent Change from Prior Year	2.3%	-5.0%	4.6%	5.5%
2	Cash Funds /A	$2,236.8	$2,141.6	$2,248.3	$2,328.9
	Percent Change from Prior Year	-8.3%	-4.3%	5.0%	3.6%
3	**Total TABOR Revenues**	**$14,866.3**	**$14,138.9**	**$14,802.2**	**$15,571.7**
	Percent Change from Prior Year	0.5%	-4.9%	4.7%	5.2%
	Revenue Limit Calculation:				
4	Previous calendar year population growth	1.4%	1.2%	1.0%	0.7%
5	Previous calendar year inflation	2.7%	1.9%	2.5%	2.3%
6	**Allowable TABOR Growth Rate**	**4.1%**	**3.1%**	**3.5%**	**3.0%**
7	TABOR Limit /B	$12,241.5	$12,621.0	$13,062.7	$13,454.6
8	General Fund Exempt Revenue Under Ref. C /C	$2,624.8	$1,517.9	$1,739.5	$2,117.1
9	**Revenue Cap Under Ref. C /B /D**	**$14,948.8**	**$15,412.3**	**$15,951.7**	**$16,430.2**
10	***Amount Above/Below Cap***	**-$82.5**	**-$1,273.4**	**-$1,149.5**	**-$858.6**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$0.0**	**$0.0**	**$0.0**	**$0.0**
12	TABOR Reserve Requirement	$446.0	$424.2	$444.1	$467.2

/A Amounts differ from the revenue totals reported in Table 3 and Table 6 due to accounting adjustments, and because some General Fund revenue is exempt from TABOR. Dollars in millions.
/B The TABOR limit and Referendum C cap are adjusted to account for changes in the enterprise status of various state entities.
/C Under Referendum C, a "General Fund Exempt Account" is created in the General Fund. The account consists of money collected in excess of the TABOR limit in accordance with Referendum C.
/D The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenue" or the "Revenue Cap under Ref. C," whichever is smaller. Beginning in FY 2010-11, the revenue limit is based on the highest revenue

total from FY 2005-06 to 2009-10 plus the "Allowable TABOR Growth Rate." FY 2007-08 was the highest revenue year during the Referendum C timeout period. SB 17-267 reduced the Referendum C cap by $200 million in FY 2017-18. The lower cap then grows by inflation and population growth in subsequent years.
/E These adjustments are the result of: (a) changes that were made to State accounting records for years in which TABOR refunds occurred that resulted in changes in required refunds to taxpayers, and (b) the refund to taxpayers in previous years was different than the actual amount required. Such adjustments are held by the State until a future year in which a TABOR refund occurs when they adjust the total refund amount distributed to taxpayers.

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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, 2020, approximately $408.8 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, 2020, 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 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
Rental Income[1,2]	$ 30,333,850	$ 25,561,599	$ 29,339,033	$25,984,605	$16,482,901
Royalties[1]	105,830,542	92,795,261	100,450,450	122,490,646	121,704,081
Total[3]	$136,164,392	$118,356,860	$129,789,483	$148,475,251	$138,186,982

[1] Includes interest earned on these revenues before they are distributed.

[2] Also includes timber sales.

[3] See also the table under "Assistance Fund Details" in this Appendix. The variance for the entries in such table for "Rent and Royalties from State Land Board" and the amounts shown above is attributable to the fact that the State Land Board records the numbers above on an accrual basis while the Colorado Department of Education records the entries in the Assistance Fund on a cash basis.

Source: State Land Board.

Revenues from Rental Income and Royalties are primarily derived from non-renewable resources. In addition to the prices of such resources, the sustainability and consistency of such revenues annually is dependent upon the management of such resources by the State Land Board, including adequate diversification of properties and the timely reinvestment of Public School Lands Income in additional income-producing property.

The State Land Board experienced large increases in annual revenue in Fiscal Years 2012-13 through 2014-15 due almost entirely to the shale oil (Niobrara) boom. During this period the State Land Board benefited from historically high oil and natural gas lease auction bonuses, over 20% increase in oil and natural gas production on State trust land and high Colorado oil and natural gas prices. Negative pressures have impacted the revenue generated from Public School Lands in recent years. Oil and natural gas production has declined due to reduced new well starts and production volume that drops off significantly as wells age (production from horizontal wells declines by around 85% after the first year). Producers have not been as optimistic about developing new capacity as they were a few years ago, causing bonus payments to also decline. Though the State Land Board controls neither the price nor the demand for the commodity, the agency anticipates this trend to continue.

In the next year, the State Land Board expects oil and natural gas lease bonus revenue will further decline from $1.5 million to $0.2 million, oil royalty revenues will decline from $86.1 million to $47.3 million and natural gas royalty revenues will decline from $20.4 million to $12.3 million. The volatility of extractive markets underscores the agency's strategic efforts to diversify its revenue streams. In fact, the agency's decline in revenues from extractive resources was partially offset by the continued steady increase in recurring revenue streams, such as commercial real estate, renewable energy leasing and agriculture grazing leases. Additionally, the interest generated from the Public School Permanent Fund has also experienced a steady increase. The corpus of the Public School Permanent Fund, a cash endowment fund that is managed by the State Treasurer's office, reached $1.26 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 2020-21 than they were for Fiscal Year 2019-20. The State Land Board anticipates additional decline in Fiscal Year 2021-22 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 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
BEST Lottery Share	$1,997,456	$8,070,499	$2,273,562	$4,117,403	$14,736,143[2]	$847,978[3]

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 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
Marijuana Excise Tax	$40,000,000	$40,000,000	$40,000,000	$52,648,440	$89,786,557

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 2020R Certificates, $1,841,465.92 Matching Moneys related to the Series 2020R Certificates will be credited to the Assistance Fund in the form of cash. Additional Matching Moneys obligations relating to the Series 2020R Certificates are payable to the Assistance Fund in the future as Matching Moneys Bonds in the aggregate principal amounts of $41,183,305.36 plus an estimated $10,885,131.74 in interest. See "PLAN OF FINANCING – Series 2020R Projects and Series 2020R 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 2020R Certificates, an aggregate principal amount of approximately $395,354,168.59 in future Matching Moneys Bonds relating to all Certificates will be outstanding. The related Participating K-12 Institutions with outstanding Matching Moneys Bonds have obtained voter approval for such Matching Moneys Bonds, and therefore the payment of the related Matching Moneys is not subject to annual appropriation by the Participating K-12 Institutions. The Matching Moneys Bonds constitute general obligations of the related Participating K-12 Institution, and all of the taxable property within the boundaries of such Participating K-12 Institution is subject to the levy of an ad valorem tax to pay the principal of, premium, if any, and interest on the related Matching Moneys Bonds without limitation as to rate and in an amount sufficient to pay the Matching Moneys Bonds when due. Based upon the opinion of bond counsel for the relevant Participating K-12 Institutions, the Matching Moneys Bonds may bear a supplemental coupon as part of fully funding the related Matching Money requirement if permissible under the ballot approved by voters.

Unless a Participating K-12 Institution that has Matching Moneys Bonds constituting general obligation bonds opts not to participate, Section 22-41-110, C.R.S. (the "Bond Payment Act"), is applicable to such Matching Moneys Bonds. Each of the Participating K-12 Institutions that has Matching Moneys Bonds constituting general obligation bonds has notified the State of its participation under the Bond Payment Act. Under the Bond Payment Act, if the paying agent with respect to a particular Matching Moneys Bond has not received a payment on the Matching Moneys Bond on the business day immediately prior to the date on which such payment is due, the paying agent is required to notify the State Treasurer and the Participating K-12 Institution that issued the Matching Moneys Bond. The State Treasurer is then required to contact the Participating K-12 Institution to determine whether the Participating K-12 Institution will make the payment by the date on which it is due. If the Participating K-12 Institution indicates to the State Treasurer that it will not make the payment on the Matching Moneys Bond by the date on which it is due, the State Treasurer is required to forward to the paying agent, in immediately available funds from any legally available funds of the State, the amount necessary to make the payment of the principal of and interest on the Matching Moneys Bond.

If the State Treasurer makes a payment on a Matching Moneys Bond under the Bond Payment Act, the State Treasurer is required to withhold such amount from the next succeeding payment to that school district of the State's share of the school district's required funding under Colorado's Public School Finance Act of 1994 and from property tax and specific ownership revenues collected by the county treasurer on behalf of the school district (except property taxes levied for the payment of bonds) on each occasion on which the State Treasurer makes a payment on a bond on behalf of a school district. While the withholding of such funding and property and specific ownership tax payments by the State is limited to 12 monthly payments, the Bond Payment Act does not correspondingly limit the State's contingent obligation to pay the Matching Moneys Bonds.

If the State Treasurer is required to make a payment on a Matching Moneys Bond, the State Department of Education is required to initiate an audit of the school district to determine the reason for the nonpayment of the Matching Moneys Bond and to assist the school district, if necessary, in developing and implementing measures to assure that future payments will be made when due.

The State has covenanted that it will not repeal, revoke, rescind, modify or amend the Bond Payment Act so as to limit or impair the rights and remedies granted under the Bond Payment Act. However, the Bond Payment Act provides that it is not to be deemed or construed to require the State to continue the payment of State assistance to any school district or to limit or prohibit the State from repealing, amending or modifying any law relating to the amount of State assistance to school districts or the manner of payment or the timing thereof. The Bond Payment Act further provides that it is not to be deemed or construed to create a debt of the State with respect to any Matching Moneys Bond within the meaning of any State constitutional provision or to create any liability except as specifically provided in the Bond Payment Act.

The Act currently provides that the maximum total of annual lease payments payable by the State under the Leases during any Fiscal Year under the terms of all outstanding Leases is $105 million for Fiscal Years 2019-20 and $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 2020R 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 2020R 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 2020R 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, 2016	As of June 30, 2017	As of June 30, 2018	As of June 30, 2019	As of June 30, 2020
Assets[2]	$367,185,353	$387,805,807	$403,088,998	$449,299,706	$449,226,403
Liabilities[3]	12,499,932	2,209,304	10,329,056	32,192,948	40,425,750
Fund Balance	354,685,421	385,596,503	392,759,942	417,106,758	408,800,653
Restrictions and Encumbrances[4]	(96,722,176)	(68,505,539)	151,593,529	150,618,432	190,756,683
Available Fund Balance[5]	257,963,245	317,090,964	236,358,471	266,488,326	218,043,970
	Fiscal Year 2015-2016	**Fiscal Year 2016-2017**	**Fiscal Year 2017-2018**	**Fiscal Year 2018-2019**	**Fiscal Year 2019-2020**
Revenue:					
Transfers In for Grants and Construction Payments[6]	$70,299,333	$ --	$8,807,361	$93,877,955	$212,917,293
Rents and Royalties from the State Land Board	65,802,073	58,501,081	69,227,578	82,406,770	78,488,226
Lottery	8,070,499	2,273,562	4,117,403	14,736,143	847,978
Marijuana Excise Tax	40,000,000	40,000,000	40,000,000	52,648,440	89,786,557
Marijuana Sales Tax (Proposition BB)	40,000,000	--	--	--	--
Matching Moneys	16,394,960	16,395,130	17,356,738	22,315,549	28,456,354
Interest	2,646,015	4,099,368	6,343,427	8,874,910	8,684,611
Total Revenue	243,212,880	121,269,148	145,852,507	274,859,767	419,181,019
Expenditures:					
Grants	23,034,064	42,992,299	57,727,190	68,742,664	94,645,720
Construction Payments[6]	53,441,158	--	13,700,329	108,295,263	219,307,608
Base Rent Payments	54,418,487	45,873,514	65,652,050	71,714,845	111,739,976
Administration and Other	1,684,461	1,492,245	1,609,499	1,760,179	1,793,820
Total Expenditures	132,578,170	90,358,058	138,689,068	250,512,951	427,487,124
Change in Fund Balance	$110,634,710	$30,911,082	$7,163,439	$24,346,816	($8,306,105)

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[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 2020R 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

Participating K-12 Institutions	Description of Leased Property	Land
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 63,583 sq. ft. w/ 19 classrooms[2]	22.89-acre parcel of land valued at $8,275
2015 Supplemental Indenture[5]		
Morgan County School District RE-3	New middle school[2]	11.89 acres valued at $58,682
Series 2017J Certificates		
Brush School District RE-2J	Middle school replacement and high school renovation 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	
Buena Vista School District R-31	New middle school and high school and gym and building renovations 134,128 sq. ft. w/ 47 classrooms	
Canon City School District RE-1	New elementary school 46,994 sq. ft. w/ 15 classrooms	
Hayden School District RE-1	New middle school and high school plus renovation of elementary school 136,962 sq. ft. w/ 38 classrooms	
Kit Carson School District R-1	New PK-12 school 48,000 sq. ft. w/ 18 classrooms	
Mapleton School District 1	New 4-8 school 45,980 sq. ft. w/ 20 classrooms	
Swallows Charter Academy	Addition to K-12 school 45,755 sq. ft. w/ 27 classrooms	
Wray School District RD-2	New middle school as addition to existing elementary school and high school 150,800 sq. ft. w/ 57 classrooms	
Series 2019O Certificates		
Adams-Arapahoe 28J	Middle School 131,000 sq. ft. w/ 51 classrooms	
Lake County R-1	Elementary School 58,459 sq. ft. w/ 21 classrooms	

Participating K-12 Institutions	Description of Leased Property	Land
Manzanola 3J	PK-12 School 34,255 sq. ft. w/ 14 classrooms	
Mapleton 1	Elementary School 60,000 sq. ft. w/ 26 classrooms	
North Conejos RE-1J	High School 73,311 sq. ft. w/ 25 classrooms	
Yuma 1	High School and outbuildings 64,230 sq. ft. w/ 22 classrooms	

Series 2019P Certificates *(See Series 2012H Certificates above)*

Series 2019Q Certificates *(See Series 2013I Certificates above)*

Series 2020R Certificates *(See "PLAN OF FINANCING—The Series 2020R Projects and Series 2020R Participating K-12 Institutions" and "SECURITY AND SOURCES OF PAYMENT – The Leased Property – The 2020R 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.

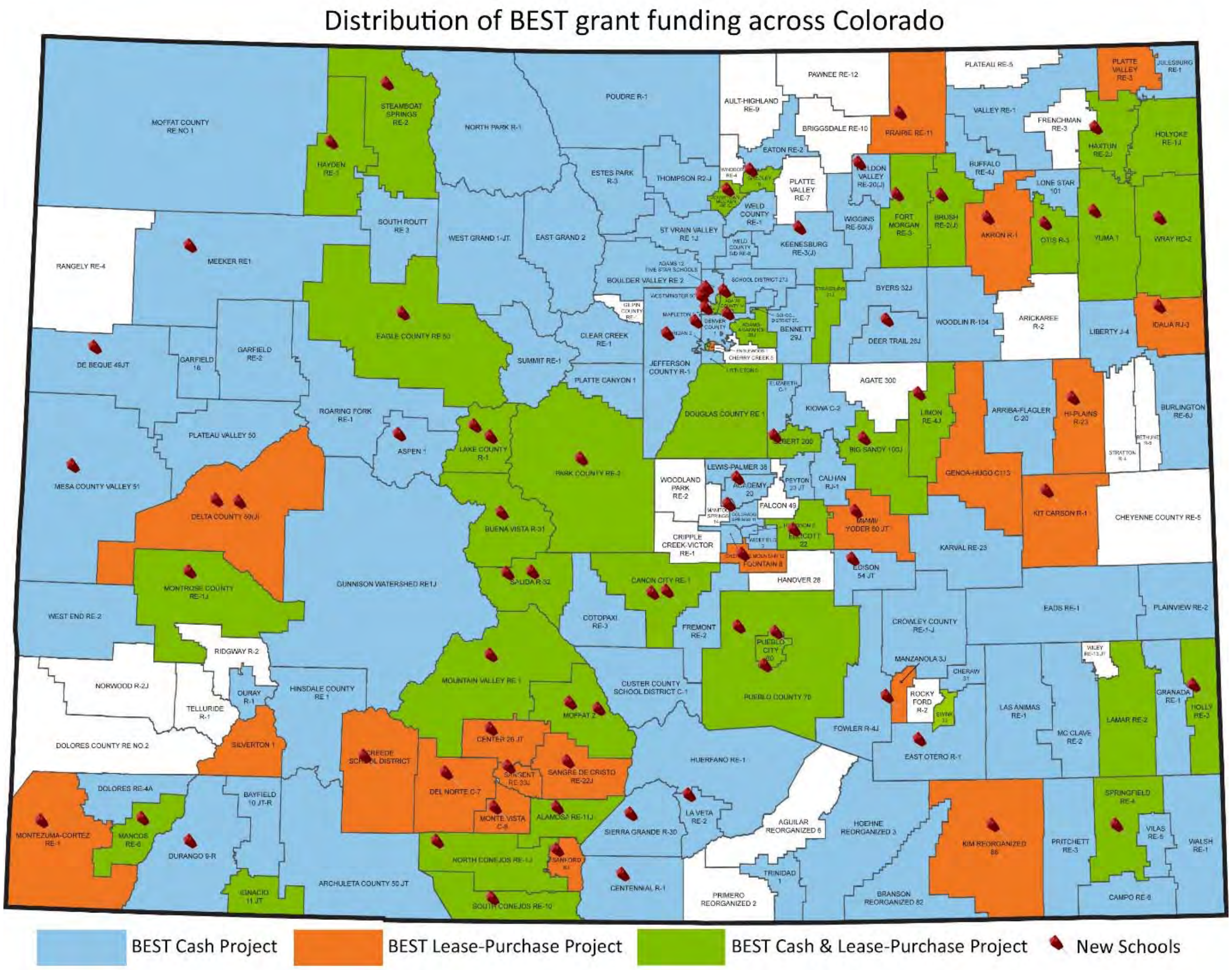
[3] Restricted by deed to educational purposes. Accordingly, the ability of the Trustee to lease such Leased Property to third parties upon the occurrence of an Event of Nonappropriation or an Event of Default and subsequent vacating of such property will be limited to lessee's desiring to use the property 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.

The following map shows the geographic distribution of the BEST projects[1] in the State.



[1] Map includes all projects awarded since the Fiscal Year 2008-09 grant cycle, including the Series 2020R 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 2020 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 2020 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 Rocky Mountains and the Western Slope – includes many acres of national park and forest land and significant reserves of minerals, natural gas and other resources.

The State's population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State's capital, is the economic center of the State and the Rocky Mountain region. About 56% of the State's population and 62% of its jobs are located in the Denver/Boulder metropolitan area, which is a hub for transportation, communication, financial activities and professional and business services. The aerospace, bioscience and energy industries are also key contributors to economic growth in the Denver/Boulder metropolitan area and the State as a whole.

The State's economic performance depends heavily on economic performance at the national level. See also "APPENDIX E – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts" and "APPENDIX F – OSPB SEPTEMBER 2020 REVENUE FORECAST."

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Population and Age Distribution

The following table provides population figures for Colorado and the United States for the past 10 years.

Population Estimates
(As of July 1)

	Colorado		United States	
	Population (millions)	**% Change**	**Population (millions)**	**% Change**
2010	5.1	1.5%	309.3	0.9%
2011	5.1	1.5	311.6	0.7
2012	5.2	1.4	313.8	0.7
2013	5.3	1.5	316.0	0.7
2014	5.4	1.5	318.3	0.7
2015	5.5	1.9	320.6	0.7
2016	5.5	1.6	322.9	0.7
2017	5.6	1.3	325.0	0.6
2018	5.7	1.4	326.7	0.5
2019	5.8	1.3	328.2	0.5

Note: Figures for 2010 through 2018 are estimates. The U.S. 2019 count is an estimate, and the 2019 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, 2019		United States, 2019	
	Population (millions)	**% of total**	**Population (millions)**	**% of total**
Under 18	1.26	21.9%	73.04	22.3%
18 to 24	0.56	9.7	30.22	9.2
25 to 44	1.66	28.8	87.60	26.7
45 to 64	1.44	24.9	83.32	25.4
65+	0.84	14.6	54.06	16.5
Total	5.77	100.0	328.24	100.0
Median Age[1]	37.2		38.2	

[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	$52,147	2.8%	$47,029	3.8%	$48,994	4.1%
2016	52,278	0.3	47,472	0.9	49,890	1.8
2017	55,374	5.9	49,744	4.8	51,910	4.0
2018	58,500	5.6	52,458	5.5	54,526	5.0
2019	61,348	4.9	54,769	4.4	56,663	3.9

[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**
2015	2,825.1	–%	2,714.8	–%	3.9	5.3
2016	2,891.7	2.4	2,797.0	3.0	3.3	4.9
2017	2,986.5	3.3	2,902.7	3.8	2.8	4.4
2018	3,080.7	3.2	2,983.5	2.8	3.2	3.9
2019	3,148.8	2.2	3,062.1	2.6	2.8	3.7
Year-to-date averages through April:						
2019	3,110.9	–%	3,011.7	–%	3.2%	3.9%
2020	3,131.6	0.7	2,952.5	-2.0	5.7	6.6

[1] Includes the self-employed, unpaid family workers, and other groups not included in statistics that show employment by industry.

Sources: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics; Labor Force Statistics from the Current Population Survey.

The following table shows Colorado employment by industry for the past five years. Industry designations are based on the North American Industrial Classification System. Employment includes only those workers covered by unemployment insurance; most workers in the state are covered.

Average Annual Number of Employees by Industry

Industry	2015	2016	2017	2018	2019	Most Recent Quarter 2019Q3	2019Q4	% Change
Private Sector:								
Agriculture, Forestry, Fishing, and Hunting	15,624	16,469	17,598	18,131	19,743	21,487	19,928	-7.3%
Mining	30,565	23,573	25,578	28,200	28,635	28,879	27,442	-5.0
Utilities	8,202	8,239	8,079	8,030	8,168	8,236	8,197	-0.5
Construction	148,638	155,139	163,452	173,063	178,867	184,398	181,044	-1.8
Manufacturing	140,831	142,381	144,064	147,270	150,109	151,009	150,486	-0.3
Wholesale Trade	103,253	104,882	106,726	108,257	110,218	110,913	111,582	0.6
Retail Trade	263,104	269,032	270,783	272,644	272,176	271,230	277,157	2.2
Transportation and Warehousing	67,287	68,327	72,554	77,469	83,417	83,358	88,601	6.3
Information	70,599	71,730	71,643	74,992	76,296	76,174	77,245	1.4
Finance and Insurance	106,344	108,970	111,293	112,624	112,761	112,775	113,068	0.3
Real Estate and Rental and Leasing	46,944	48,707	50,566	52,152	54,474	55,072	55,567	0.9
Professional and Technical Services	204,586	210,093	215,783	224,620	235,424	237,358	240,765	1.4
Management of Companies and Enterprises	36,488	36,833	39,018	40,839	42,317	72,756	42,897	0.3
Administrative and Waste Services	157,385	158,535	158,041	158,512	161,846	168,827	163,982	-2.9
Educational Services	33,847	34,992	35,375	36,694	37,674	37,062	38,489	3.9
Health Care and Social Assistance	275,183	287,168	291,299	298,559	303,803	304,452	306,898	0.8
Arts, Entertainment, and Recreation	50,707	52,625	55,407	56,848	58,975	60,941	57,072	-6.3
Accommodation and Food Services	261,704	270,673	277,613	282,491	285,929	295,571	283,722	-4.0
Other Services	75,157	78,231	82,201	82,029	84,557	86,145	85,292	-1.0
Unclassified	1,478	759	180	1,886	2,636	679	1,202	77.0
Government	396,853	405,690	412,002	418,297	427,979	424,026	432,960	2.1
Total*	2,494,777	2,553,045	2,609,255	2,673,605	2,736,002	2,761,346	2,763,595	0.1

* Industry employment levels may not add to total due to rounding.

Source: Colorado Department of Labor and Employment, Quarterly Census of Employment and Wages.

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	27,500
UCHealth	Healthcare	23,500
The Kroger Co. (King Soopers/City Market)	Supermarkets	20,900
Centura Health	Healthcare	14,500
HealthONE Corporation	Healthcare	12,400
Lockheed Martin Corporation	Aerospace & Defense Related Systems	10,500
SCL Health System	Healthcare	10,000
Comcast	Telecommunications	9,000
Amazon	Warehousing & Distribution Services	8,100
Home Depot	Building Materials Retailer	8,000
Children’s Hospital Colorado	Healthcare	7,800
CenturyLink	Telecommunications	7,800
Target Corporation	General Merchandise	7,600
Safeway Inc.	Supermarkets	7,300
United Airlines	Airline	7,000
Kaiser Permanente	Health Maintenance Organization	6,700
JBS Swift & Company	Beef Processing/Corporate Office	6,000
Vail Resorts	Leisure & Hospitality	5,600
United Parcel Service	Delivery Services	5,400
Banner Health	Healthcare	5,200
Wells Fargo	Banking/Financial Services	5,100
FedEx Corp.	Transportation, E-commerce	4,500
Southwest Airlines	Airline	4,500
Ball Corporation	Aerospace, Containers	4,400
Oracle	Software & Network Computer Systems	4,400

[1] Includes both full- and part-time employees.

Source: Compiled by Development Research Partners from various sources, May 2020.

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The following table shows the largest public sector employers in Colorado based on the most current information available as of May 2020.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	57,300
Federal Government (except USPS)	42,800
University of Colorado System	24,300
Denver Public Schools	15,400
City & County of Denver	12,300
Jefferson County Public Schools	11,300
U.S. Postal Service	9,000
Douglas County School District RE-1	8,700
Cherry Creek School District No 5	7,800
Colorado State University	7,700
Denver Health	7,600
Aurora Public Schools	5,400
Adams 12 Five Star Schools	5,000
Boulder Valley School District RE-2	4,300
Poudre School District R-1	4,200
St. Vrain Valley School District RE-1J	4,100
City of Aurora	4,000
Colorado Springs School District 11	3,900
Academy Schools District No 20	3,600
Jefferson County	3,400
U.S. Department of Veteran Affairs	3,200
Mesa County Valley School District 51	3,000
El Paso County	2,800
Regional Transportation District (RTD)	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 2020.

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 2015 to 2019

	Sales Tax		Consumer Use Tax		Retailer Use Tax	
	Amount (thousands)	% Change	Amount (thousands)	% Change	Amount (thousands)	% Change
2015	$2,561,913	8.0%	$123,175	5.9%	$132,685	6.0%
2016	2,596,355	1.3	111,227	(9.7)	132,591	(0.1)
2017	2,719,778	4.8	109,037	(2.0)	149,567	12.8
2018	2,906,717	6.9	121,158	11.1	184,034	23.0
2019	3,031,974	4.3	124,947	3.1	218,136	18.5

Source: Colorado Department of Revenue.

The following table provides retail sales totals by industry for the State for the most recent five years and year-to-date available. Retail sales data is only available through February 2016 as the Colorado Department of Revenue is currently experiencing a system problem that prevents the Retail Sales Reports from being produced. The Department is working to resolve the issue as soon as possible.

Colorado Retail Sales by Industry
(millions)
and
Percentage Change From Prior Year

											Year-to-Date Totals Through February		
Industry	2015	% Change	2016	% Change	2017	% Change	2018	% Change	2019	% Change	2019	2020	% Change
Agriculture/Forestry/Fishing	$ 500.6	13.6%	$ 599.5	11.8%	$ 417.9	-25.3%	$ 587.2	40.5%	$ 521.1	-11.3%	$ 24.8	$ 36.6	47.6%
Mining	3,743.4	-32.8	2,485.9	-33.6	3,665.9	47.5	4,411.7	20.3	3,938.3	-10.7	549.0	519.4	-5.4
Utilities	7,612.1	-4.0	7,301.0	-4.1	7,570.4	3.7	7,665.8	1.3	8,031.0	4.8	1,502.1	1,364.0	-9.2
Construction	4,685.8	12.4	4,740.5	1.2	5,133.6	8.3	5,758.0	12.2	6,124.0	6.4	744.7	804.4	8.0
Manufacturing	15,864.8	-19.8	14,679.1	-7.5	16,217.9	10.5	17,360.8	7.0	15,992.7	-7.9	2,134.7	2,313.0	8.4
Wholesale Trade	14,427.2	-4.8	14,874.5	3.1	14,530.3	-2.3	15,407.4	6.0	18,109.6	17.5	2,153.3	2,708.3	25.8
Retail Trade:													
Motor Vehicle and Auto Parts	18,995.4	8.9	19,692.9	3.7	20,614.6	4.7	21,190.4	2.8	21,986.4	3.8	3,000.0	3,383.5	12.8
Furniture and Furnishings	2,868.8	8.1	3,019.6	5.3	3,126.0	3.5	3,265.9	4.5	3,371.4	3.2	469.3	494.2	5.3
Electronics and Appliances	2,387.6	5.7	2,534.3	6.1	2,617.2	3.3	2,830.3	8.1	2,956.9	4.5	412.9	436.6	5.7
Bolding Materials/Nurseries	6,373.2	7.5	6,800.1	6.7	7,283.2	7.1	7,465.8	2.5	7,413.9	-0.7	941.3	1,017.0	8.0
Food/Beverage Stores	16,619.2	4.1	16,798.7	1.1	17,655.4	5.1	18,794.5	6.5	18,927.9	0.7	2,122.2	2,962.4	39.6
Health and Personal Care	4,384.1	17.5	5,064.2	15.5	5,355.2	5.7	5,672.5	5.9	6,015.3	6.0	813.1	894.9	10.1
Gas Stations	4,815.3	-15.6	4,307.1	-10.6	4,528.5	5.1	4,863.8	7.4	4,556.7	-6.3	619.2	689.2	11.3
Clothing and Accessories	3,810.6	2.0	3,843.5	0.9	3,848.5	0.1	3,999.7	3.9	4,413.8	10.4	513.6	582.0	13.3
Sporting/Hobby/Books/Music	3,009.1	3.0	3,021.7	0.4	2,879.5	-4.7	2,960.5	2.8	3,075.7	3.9	436.3	488.5	12.0
General Merchandise/Warehouse	13,073.8	1.7	13,152.7	0.6	13,758.0	4.6	14,387.6	4.6	14,788.7	2.8	1,999.9	2,197.2	9.9
Misc. Store Retailers	5,256.5	10.4	5,767.0	9.7	6,529.4	13.2	6,645.2	1.8	7,214.1	8.6	864.0	933.1	8.0
Non-Store Retailers	1,742.1	2.7	2,286.3	31.2	2,921.3	27.8	3,279.3	12.3	5,054.7	54.1	639.6	1,347.5	110.7
Total Retail Trade	83,335.5	4.6	86,288.1	3.5	91,117.0	5.6	95,355.7	4.7	99,775.5	4.6	12,831.2	15,426.1	20.2
Transportation/Warehouse	931.3	-4.8	864.8	-7.1	944.6	9.2	1,292.4	36.8	1,096.3	-15.2	135.7	170.9	26.0
Information	5,413.0	-0.7	5,238.6	3.2	5,382.5	2.7	4,971.1	-7.6	5,819.5	17.1	821.4	600.4	-26.9
Finance/Insurance	2,668.7	57.9	2,691.8	0.9	2,107.9	-21.7	2,469.4	17.2	2,761.9	11.8	397.4	488.2	22.9
Real Estate/Rental/Lease	4,389.0	5.2	4,573.3	4.2	4,875.5	6.6	5,423.2	11.2	5,907.9	8.9	906.5	952.4	5.1
Professional/Scientific/Technical	6,929.3	-0.5	6,644.4	-4.1	6,794.1	2.3	7,753.2	14.1	7,859.6	1.4	793.6	939.3	18.4
Admin/Support/Waste/Remediation	2,245.9	8.5	2,263.2	0.8	2,357.8	4.2	2,384.4	1.1	2,813.2	18.0	294.6	385.4	30.8
Education	490.5	1.9	493.9	0.7	486.3	-1.5	500.3	2.9	434.8	-13.1	54.4	43.9	-19.2
Health Care/Social Assistance	6,896.1	-4.8	6,890.5	-0.1	7,136.0	3.6	7,044.5	-1.3	16,093.3	128.5	2,514.6	2,737.7	8.9
Arts/Entertainment/Recreation	1,337.8	14.4	1,457.8	9.0	1,564.5	7.3	1,650.0	5.5	1,781.7	8.0	249.5	284.0	13.8
Accommodation	4,043.4	7.9	4,338.5	7.3	4,773.3	10.0	5,147.4	7.8	5,771.3	12.1	850.7	1,017.8	19.7
Food/Drinking Services	11,615.6	7.0	12,280.3	5.7	13,020.4	6.0	13,798.6	6.0	14,511.8	5.2	2,197.2	2,311.6	5.2
Other Services	5,441.9	10.5	5,730.4	5.3	6,182.5	7.9	6,751.4	9.2	6,924.2	2.6	939.6	963.4	2.5
Government	273.4	7.3	307.2	12.4	363.7	18.4	388.6	6.8	351.2	-9.6	40.7	41.4	1.7
Total All Industries	182,845.3	0.1	184,703.4	1.0	194,642.0	5.4	206,121.0	5.9	224,618.9	9.0	30,135.6	34,108.2	13.2

Note: Reporting for 2019 and future years reflect new sourcing rules that may cause variations in the data 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
2015	7.08	–%	73	–%	236.8	–%	$546.6	–%	12.55	–%
2016	7.46	5.4	66	-9.96	242.7	2.5	543.4	-0.6	13.39	6.7
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

[1] Includes only those conventions booked by VISIT DENVER and held at the Colorado Convention Center.

[2] Count of recreational visitors for all of the State's National Parks Service territories, which include national parks, monuments, historic sites, and recreation areas.

[3] Count of skier visits for the season ending in the referenced year.

Sources: National Parks Service; VISIT DENVER, The Convention and Visitor's Bureau; Colorado Ski Country USA; Vail Resorts, Inc.

Residential Housing Starts

The following table provides a five-year history of the State's residential building permit issuance.

New Privately Owned Housing Units Authorized in Colorado

	1 Unit	2 Units	3 & 4 Units	5+ Units	Total Building Permits	% Change
2015	20,025	334	287	11,225	31,871	4.3%
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	28,059	366	448	13,100	41,973	-1.5
Year-to-Date Totals Through April:						
2019	7,754	136	243	4,339	12,472	
2020	8,955	60	169	3,919	13,103	
% change	15.5%	-55.9%	-30.5%	-9.7	5.1%	

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
2015	8,241	-26.7%	4,209	-35.6%
2016	7,666	-7.0	3,128	-25.7
2017	6,680	-12.9	2,100	-32.9
2018	5,884	-11.9	1,461	-30.4
2019	5,610	-4.7	1,316	-9.9

[1] Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.

Source: Colorado Division of Housing.

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, 2019 (the "PERA 2019 CAFR"). The PERA 2019 CAFR was prepared by PERA staff employees and the firm of Segal Consulting, PERA's independent actuary, and audited by CliftonLarsonAllen LLP, PERA's independent public accounting firm. The valuations and other assessments of PERA constitute forward looking information as described in the 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 2019 CAFR 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 2019 CAFR 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 2019 CAFR.

The information in the State's Fiscal Year 2018-19 CAFR regarding PERA is derived from the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2018, while the information in this Official Statement regarding PERA is derived from the PERA 2019 CAFR.

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 2019 CAFR for a discussion of the membership in the State Division Plan and the State Division DC Plan, respectively. See also Management's Discussion and Analysis and Notes 6-8 to the financial statements in the State's Fiscal Year 2018-19 CAFR 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 2018-19 CAFR appended to this Official Statement, the PERA 2019 CAFR and the PERA Act for a discussion of eligibility requirements and the various tiers of benefits under the State Division Plan. See also the Statistical Section of the PERA 2019 CAFR for various statistics regarding members, retirees, survivors and benefit payments for the State Division Plan.

Implementation by PERA of GASB 67

In 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which establishes new standards for financial reporting and note disclosure by defined benefit pension plans administered through qualified trusts, and note disclosure requirements for defined contribution pension plans administered through qualified trusts. GASB 67 is effective for accounting periods beginning after June 15, 2013, and, accordingly, PERA implemented GASB 67 beginning with its Comprehensive Annual Financial Report for the Plan Year ended December 31, 2014.

The objective of GASB 67 as stated therein is to improve financial reporting by state and local governmental pension plans. The requirements of GASB 67 are intended to improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information. A related statement, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," applies to governmental employers and was implemented by the State beginning with the State's Fiscal Year 2014-15 CAFR. See "—Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 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

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[1] Unfunded actuarial accrued liability is the difference between the actuarial accrued liability, or "AAL" (being the excess of the present value of a pension fund's total of future benefits (payable to the plan participants) and fund administration expenses over the present value of the future normal cost of those benefits), over the valuation assets of the fund.
[2] Total pension liability is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of plan member service in conformity with the requirements of GASB 67. For purposes of application to the requirements of GASB 67, AAL is the equivalent of total pension liability.
[3] Fiduciary net position equals assets plus deferred outflows of resources and less liabilities and deferred inflows of resources at the end of the plan's reporting period.

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 2019 CAFR for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2019 CAFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. Recently, the PERA Board has reviewed the economic assumptions on a more frequent basis. The PERA Board last completed an experience study in 2016.

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). 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, 2019, from 8.0% to 8.75% of includable compensation (from 10.0% to 10.75% of includable compensation for State Troopers and CBI agents). See the PERA 2019 CAFR 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, 2019, the AED and SAED rates applicable to the State Division Plan were each 5.0%, and the total SRC applicable to the State Division Plan (net of 1.02% apportioned to the Health Care Trust Fund per the PERA Act) was 19.38% of employee wages (22.08% 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 2018-19 CAFR appended to this Official Statement, as well as the Management's Discussion and Analysis and Note 4 to the financial statements in the PERA 2019 CAFR.

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. *However, 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 has been suspended for Fiscal Year 2020-21 only, and thus PERA will not receive a direct distribution from the State until the payment scheduled for July 1, 2021*.

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

[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.

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 2019 CAFR, is to: (i) define the overall funding benchmarks of PERA's defined benefit pension trust funds; (ii) assess the adequacy of the contribution rates which are set by the General Assembly by comparing these rates to an ADC rate; and (iii) define the annual actuarial metrics that will assist the PERA Board in assessing the sustainability of the plan. The results of these three items are intended to guide the PERA Board when considering whether to pursue or support proposed legislation pertaining to changes in plan contribution and/or benefit provisions. See "Statutorily Required Contributions" above.

Historical ADC and State Contributions. The following table sets forth for each of the 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, 2019: (i) the actuarial cost method is based on the entry age of participants; (ii) the Plan's amortization period is based on a level percent of payroll over a 30-year closed period layered 28 years; (iii) for valuation purposes the actuarial value of assets is based on gains and losses smoothed in over a four-year period as permitted by GASB standards; (iv) price inflation is assumed to be 2.40%; (v) real wage growth is assumed to be 1.10%; (vi) salary increases (including assumed wage inflation of 3.50%) 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 information, see Note 3 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2019 CAFR.

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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
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
2010	18.93	2,392,080	–	452,821	282,640	170,181	11.82

[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 2019 CAFR.
[3] The ADC contribution equals the sum of (a) the ADC rate times the covered employee payroll, plus (b) the AIR.
Source: PERA 2019 CAFR

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 2018-19 CAFR 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 has been suspended for Fiscal Year 2020-21, as discussed in " – Funding of the State Division Plan – Statutorily Required Contributions" above. 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 2018-19 CAFR appended to this Official Statement and the PERA 2019 CAFR.

The PERA 2019 CAFR reports that, at December 31, 2019, the actuarial value of assets of the State Division Plan was approximately $14.922 billion and the AAL of the Plan was approximately $25.718 billion, resulting in a UAAL of approximately $10.796 billion, a funded ratio of 58.0% 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 2019 CAFR reports that at December 31, 2019, the UAAL of the Plan was approximately $9.898 billion and the funded ratio was 61.5%.

For further information, see Management's Discussion and Analysis in the State's Fiscal Year 2018-19 CAFR appended to this Official Statement, as well as Management's Discussion and Analysis, Notes 10 and 12 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2019 CAFR.

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 2019 CAFR was performed as of December 31, 2019, and the actuarial valuation for accounting and financial reporting purposes in the PERA 2019 CAFR was performed as of December 31, 2018, and the total pension liability was rolled forward to the measurement date of December 31, 2019, 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

[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 2019 CAFR, 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 2019 CAFR.

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 2019 CAFR.

Table 2
Historical Funding Progress of State Division Plan
Actuarial Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Actuarial Value of Plan Assets*	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as a Percentage of Employer Payroll
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
2010	12,791,946	20,356,176	7,564,230	62.8	2,392,080	316.2

* 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 2019 CAFR

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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
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
2010	12,487,105	20,356,176	7,869,071	61.3	2,392,080	329.0

* 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 2019 CAFR.
Source: PERA Comprehensive Annual Financial Reports for calendar years 2010 through 2019.

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, 2019, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2019 CAFR. 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,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Additions:										
Employer contributions	$ 612,282	$ 583,164	$ 563,977	$ 521,804	$ 484,005	$ 444,372	$ 401,658	$ 335,073	$ 283,222	$ 287,624
Nonemployer contributions	77,088	78,489	–	–	–	–	–	–	–	–
Member contributions	257,803	236,313	228,978	223,005	217,980	211,610	202,799	227,058	258,678	223,240
Purchased service	29,494	25,227	27,442	24,528	26,946	22,446	22,241	16,358	11,277	12,496
Net investment income (loss)	2,764,719	(497,562)	2,391,683	947,981	210,337	780,762	1,931,658	1,511,244	232,669	1,553,142
Other	22	7,888	15,860	8,708	5,023	3,289	4,869	150	331	1
Total Additions	3,741,408	433,519	3,227,940	1,726,026	944,291	1,462,479	2,563,225	2,089,883	786,177	2,076,503
Deductions:										
Benefit payments	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	1,122,435
Refunds	61,832	65,253	58,696	60,137	63,567	61,152	68,735	69,221	70,090	68,844
Disability insurance premiums	1,965	2,093	2,035	2,106	2,088	2,309	2,229	1,570	1,685	1,661
Administrative expenses	11,294	11,903	11,745	11,271	10,779	10,067	9,780	8,568	8,685	8,942
Other	2,707	3,017	3,652	3,040	3,406	3,171	3,593	3,911	(4,546)	(726)
Total Deductions	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	1,201,156
Change in fiduciary net position	2,026,442	(1,257,281)	1,597,522	165,644	(553,411)	33,487	1,183,108	774,691	(464,444)	875,347
Fiduciary net position held at beginning of year	13,966,421	15,223,702	13,626,180	13,460,536	14,013,947	13,980,460	12,797,352	12,022,661	12,487,105	11,611,758
Fiduciary net position held at end 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

Source: PERA 2019 CAFR

Net Pension Liability of the State Division Plan

As noted above, GASB 67 requires a different approach for determining net pension liability as compared to the previously disclosed UAAL, and also requires disclosing the plan's net pension liability and ratio of fiduciary net position to total pension liability. The schedule of net pension liability presents multi-year trend information about whether the fiduciary net position is increasing or decreasing over time relative to total pension liability.

The following table sets forth for the years 2013-2019 (the only years for which information is available) the net pension liability and related information regarding the State Division Plan. The required supplemental information in the PERA 2019 CAFR includes a schedule showing the sources of the changes in net pension liability for 2014-2019 (information for 2013 is not available). See also " – Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68" hereafter.

Table 5
Net Pension Liability
State Division[1,2]
(Dollar Amounts in Thousands)

	For the Year Ended December 31,						
	2019	2018	2017	2016	2015	2014	2013
Total pension liability[3,4]	$25,696,667	$25,345,094	$35,241,684	$31,994,311	$23,991,569	$23,420,461	$22,888,431
Plan fiduciary net position	15,992,863	13,966,421	15,223,702	13,626,180	13,460,536	14,013,947	13,980,460
Net pension liability	$ 9,703,804	$11,378,673	$20,017,982	$18,368,131	$10,531,033	$ 9,406,514	$ 8,907,971
Net pension liability as a percentage of total pension liability	62.24%	55.11%	43.20%	42.59%	56.11%	59.84%	61.08%
Covered employee payroll	$ 2,995,453	$2,898,827	$2,774,207	$2,710,651	$ 2,641,867	$ 2,564,670	$ 2,474,965
Net pension liability as a percentage of covered employee payroll	323.95%	392.53%	721.57%	677.63%	398.62%	366.77%	359.92%

[1] Information for years prior to 2013 is not available.
[2] Government accounting standards require that pension liabilities for financial reporting purposes be measured using the plan provisions in effect at the pension plan's year-end. Therefore, unlike the tables in "—Funding Status of the State Division Plan" above, the changes made by 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 2019 CAFR

Investment of State Division Plan Assets

State law authorizes the investment of PERA's funds by the PERA Board, subject to the following limitations:

- The aggregate amount of investment trust shares, corporate stocks, corporate bonds and convertible debentures cannot exceed 65% of the book value of the fund.

- Neither common nor preferred stock of a single corporation can exceed 5% of the book value of the fund.

- The fund cannot acquire more than 12% of the outstanding stocks or bonds of a single corporation.

See Note 5 to the financial statements and the Investment Section of the PERA 2019 CAFR for additional discussion of PERA's investment responsibilities and investment policies.

Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68") is a GASB pronouncement that is related to GASB 67 and applicable to governmental entities, such as the State, that provide their employees with pension benefits. GASB 68 is effective for fiscal years beginning after June 15, 2014, and accordingly has been implemented beginning with the State's Fiscal Year 2014-15 CAFR. GASB 68 revises and establishes new financial reporting requirements for governmental entities, and, among other things, requires cost-sharing employers participating in defined benefit plans to record their proportionate share of the unfunded pension liability. See Table 2 in this Appendix for the UAAL of the State Division Plan for the past ten years as set forth in the PERA 2019 CAFR.

The State reported a net pension liability in the State's Fiscal Year 2018-19 CAFR of approximately $13.531 billion at June 30, 2019, compared to a reported net pension liability in the State's Fiscal Year 2017-18 CAFR of approximately $19.382 billion at June 30, 2018. 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 2018-19 CAFR 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 2018-19 CAFR 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 2018-19 CAFR.

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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					
	2018	2017	2016	2015	2014	2013
State's proportion of the net pension liability	95.95%	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of net pension liability	$10,918,046	$19,091,149	$17,539,728	$10,079,252	$9,016,144	$8,539,181
State's covered payroll	$3,262,962	$2,796,014	$2,751,094	$2,687,152	$2,586,800	$2,570,286
State's proportionate share of the net pension liability as a percentage of its covered payroll	334.61%	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	55.11%	43.20%	42.59%	56.11%	59.84%	61.00%

Judicial Division

	2018	2017	2016	2015	2014	2013
State's proportion of the net pension liability	94.91%	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of net pension liability	$134,072	$218,136	$239,423	$172,824	$129,499	$102,756
State's covered payroll	$55,706	$46,764	$46,320	$44,159	$40,114	$37,203
State's proportionate share of the net pension liability as a percentage of its covered payroll	240.68%	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	68.48%	58.70%	53.19%	60.13%	66.89%	77.41%

[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 CAFR appended to this Official Statement.

Source: State Fiscal Year 2018-19 CAFR

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 2018-19 CAFR appended to this Official Statement. See also "Overall Financial Position and Results of Operations" in the Management's Discussion and Analysis and Notes 1 and 6-8 to the Financial Statements in the State's Fiscal Year 2018-19 CAFR.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75"), is effective for fiscal years beginning after June 15, 2017, and accordingly was first implemented in the State's Fiscal Year 2018-19 CAFR. GASB 75 requires, for purposes of governmental financial reporting, that the State recognize a liability for its proportionate share of the net Other Post-Employment Benefits ("OPEB") liability (of all employers for benefits provided through the OPEB plan), i.e., the collective net OPEB liability. The State is also required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB. GASB 75 also requires additional footnote disclosures about the pension trust fund in the financial statements.

Effect of Pension Liability on the Series 2020 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 2020 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 2020R 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 2020R Certificates, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2020R Certificates or (v) any other related matter.

DTC will act as securities depository for the Series 2020R Certificates. The Series 2020R 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 2020R 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 2020R Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020R 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 2020R 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 2020R Certificates except in the event that use of the book-entry system for the Series 2020R Certificates is discontinued.

To facilitate subsequent transfers, all Series 2020R 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 2020R 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 2020R Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020R 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 2020R Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020R Certificates, such as redemptions, defaults and proposed amendments to the Indenture. For example, Beneficial Owners of Series 2020R Certificates may wish to ascertain that the nominee holding the Series 2020R 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 2020R 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 2020R Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2020R 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 2020R 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 2020R 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 2020R Certificate certificates are required to be printed and delivered to the appropriate registered owners of the Series 2020R 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 2020R Certificates. In that event, Series 2020R Certificate certificates will be printed and delivered to DTC.

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