NEW ISSUE – BOOK-ENTRY ONLY

RATINGS:
Moody's: "MIG 1"
S&P Global: "SP-1+"
(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, interest on the Series 2023B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax; and interest on the Series 2023B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. The interest on the Series 2023B Notes may affect the federal alternative minimum tax imposed on certain corporations. See "TAX MATTERS" for a full description of the tax treatment of interest on the Series 2023B Notes

$670,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM
TAX AND REVENUE ANTICIPATION NOTES
SERIES 2023B

Dated: Date of Delivery **Maturity Date: June 28, 2024**

The proceeds of the Series 2023B Notes will be used as more fully described herein to (i) make interest-free loans to certain Colorado school districts identified herein in order to alleviate temporary general fund cash flow deficits expected to be experienced by such school districts during the fiscal year ending June 30, 2024, and (ii) pay the costs of issuing the Series 2023B Notes. *Capitalized terms used on this cover page have the meanings set forth herein.*

The Series 2023B Notes will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Series 2023B Notes. Beneficial Ownership Interests in the Series 2023B Notes, 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 2023B Notes by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The principal of and interest on the Series 2023B Notes, at the rate per annum specified below, is payable on the maturity date of the Series 2023B Notes specified above. The Series 2023B Notes are *not* subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Reoffering Yield	CUSIP No.†
$200,000,000	4.00%	100.330	3.25%	19672M DD7
250,000,000	4.50	100.551	3.25	19672M DC9
100,000,000	5.00	100.802	3.18	19672M DB1
20,000,000	5.00	100.784	3.22	19672M DB1
100,000,000	5.00	100.775	3.24	19672M DB1

The Series 2023B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues described herein. Interest on the Series 2023B Notes will be payable from amounts deposited by the State Treasurer upon issuance of the Series 2023B Notes in the ETRANS 2023-24 Repayment Account; and the principal of the Series 2023B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2024, as payment of their Program Loans and, if necessary, from certain State funds, all as described herein. The Series 2023B Notes are secured on parity with the previously issued State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2023A, which are currently outstanding in the aggregate principal amount of $500,000,000. The Series 2023B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the constitution or statutes of the State, and the Owners and Beneficial Owners of the Series 2023B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2023B Notes.

An investment in the Series 2023B Notes involves risk. Prospective investors are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed in "INVESTMENT CONSIDERATIONS," in order to obtain information essential to the making of an informed investment decision.

The Series 2023B Notes are offered when, as and if issued by the State, subject to the approving opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. Certain legal matters will be passed upon for the State by the Attorney General of the State, and by Kline Alvarado Veio, P.C., Denver, Colorado, as special counsel to the State. The Series 2023B Notes are expected to be delivered through the facilities of DTC on or about January 17, 2024.

Dated: January 11, 2024

† CUSIP is a registered trademark of the American Bankers Association. The CUSIP data included herein has been provided by CUSIP Global Services operated by the CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's, a business unit of McGraw-Hill Financial, and is provided solely for the convenience of the purchasers of the Series 2023B Notes and only as of the issuance of the Series 2023B Notes. The State takes no responsibility for the accuracy of such data now or at any time in the future.

PRELIMINARY NOTICES

This Official Statement does not constitute an offer to sell the Series 2023B Notes in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the State, the State Treasurer or the Financial Advisor to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the State or any other person.

The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described in this Official Statement since the date hereof.

The information in this Official Statement has been obtained from officers, employees and records of the State, the Participating Districts and other sources believed to be reliable, but this Official Statement is not to be construed as the promise or guarantee of the State, the State Treasurer or the Financial Advisor.

The order and placement of materials in this Official Statement, including the appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement. The offering of the Series 2023B Notes is made only by means of this entire Official Statement.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2023B Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2023B Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have neither confirmed the accuracy nor determined the adequacy of this Official Statement. Any representation to the contrary is unlawful.

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 in "SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding of School Districts – Summary Financial Information Regarding the Participating Districts," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS," "APPENDIX A – THE STATE GENERAL FUND," "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST" and "APPENDIX E – STATE PENSION SYSTEM," contains statements relating to future results that are "forward-looking statements." When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward-looking statements. The achievement of certain results or other expectations contained in forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The State Treasurer does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which these statements are based occur.

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OFFICIAL STATEMENT

Relating to

$670,000,000
STATE OF COLORADO
EDUCATION LOAN PROGRAM TAX AND REVENUE ANTICIPATION NOTES
SERIES 2023B

INTRODUCTION

This Official Statement, which includes the cover page, inside cover, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the State of Colorado (the "State") of its $670,000,000 State of Colorado Education Loan Program Tax and Revenue Anticipation Notes, Series 2023B (the "Series 2023B Notes").

This Official Statement contains information that was either not available or differs from that contained in the Preliminary Official Statement dated January 4, 2024, as supplemented by the First Supplement thereto dated January 8, 2024, including, without limitation, the interest rates, prices, reoffering yields, CUSIP numbers, original purchasers and aggregate purchase price paid by the original purchasers of the Series 2023B Notes, as well as the tax levies of Denver County School District No. 1 for the 2024 tax collection year. Accordingly, prospective investors should read this Official Statement in its entirety.

This introduction is not a summary of this Official Statement. It is only a summary description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2023B Notes to potential investors is made only by means of the entire Official Statement.

Purpose

Sections 29-15-112 and 22-54-110, Colorado Revised Statutes, as amended ("C.R.S."), referred to herein collectively as the "Loan Program Statutes," establish a program (the "Loan Program") for making interest-free loans ("Program Loans") to participating Colorado school districts (the "Participating Districts") in order to alleviate Participating Districts' temporary general fund cash flow deficits. The Series 2023B Notes are being issued for the purpose of funding the Loan Program for the State's fiscal year ending June 30, 2024 ("Fiscal Year 2023-24"), and paying the costs of issuing the Series 2023B Notes, The first installment of the Loan Program was funded on July 19 2023, by the issuance of the State's Education Loan Program Tax and Revenue Anticipation Notes, Series 2023A (the "Series 2023A Notes"), in the aggregate principal amount of $500,000,000. The net proceeds of the Loan Program are expected to be borrowed by the Participating Districts identified in the table set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts." See also "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2023B NOTES."

The net proceeds of the sale of the Series 2023B Notes will be deposited in the Series 2023B Education Loan Program Tax and Revenue Anticipation Notes Proceeds Account (the "Series 2023B Notes Proceeds Account") of the State's General Fund (the "General Fund") and used to make Program Loans to Participating Districts in order to alleviate actual temporary general fund cash flow deficits currently forecast by each Participating District during Fiscal Year 2023-24. See "SOURCE OF

PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts." Prior to receiving a Program Loan, each Participating District is required to adopt a resolution (each a "District Resolution" and collectively the "District Resolutions") pledging to the repayment of its Program Loan those ad valorem property tax revenues received by the Participating District during the period of March through June of 2024 that are required to be deposited in the Participating District's general fund ("Taxes"), and is required to execute a promissory note payable to the State Treasurer (each a "District Note" and collectively the "District Notes") to evidence its repayment obligation. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2023B NOTES – Program Loans – The Participating Districts," "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2023B Notes

Authorization. The Series 2023B Notes are issued pursuant to the Loan Program Statutes; Part 2 of Article 57 of Title 11, C.R.S. (the "Supplemental Public Securities Act"); and a resolution (the "State Resolution") adopted by the State Treasurer (the "State Treasurer") and approved and countersigned by the Controller of the State (the "State Controller"). See "THE SERIES 2023B NOTES – Authorization."

General Provisions. The Series 2023B Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "Closing Date") and will mature on June 28, 2024 (the "Series 2023B Notes Maturity Date"). The Series 2023B Notes are not subject to redemption prior to the Series 2023B Notes Maturity Date. Interest on the Series 2023B Notes, at the rate per annum set forth on the cover page hereof (computed on the basis of a 360-day year of twelve 30-day months), will accrue from the Closing Date and will be payable on the Series 2023B Notes Maturity Date. See "THE SERIES 2023B NOTES – General Provisions."

Book-Entry Only System. The Series 2023B Notes will be issued in fully registered form (*i.e.*, registered as to payment of both principal and interest) 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 2023B Notes. Ownership interests in the Series 2023B Notes ("Beneficial Ownership Interests"), in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 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 the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2023B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2023B NOTES – General Provisions" and "APPENDIX F – DTC BOOK-ENTRY SYSTEM." As used in this Official Statement, the term "Owners" of the Series 2023B Notes means the persons or entities in whose names the Series 2023B Notes are registered on the registration books kept by UMB Bank, n.a., Kansas City, Missouri, as the registrar (the "Registrar") for the Series 2023B Notes (such Owner initially being Cede & Co. or such other nominee as may be designated by DTC), and does not mean the Beneficial Owners.

Security and Sources of Payment. The Series 2023B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the following (the "Pledged Revenues"), which the State Treasurer believes will be sufficient for the repayment of the Series 2023B Notes:

- amounts received by the State Treasurer from the Participating Districts on or before June 25, 2024, as repayment of their Program Loans;

- amounts deposited to the "Series 2023-24 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account" of the General Fund (the "ETRANS 2023-24 Repayment Account") as discussed in "THE SERIES 2023B NOTES – Security and Sources of Payment – *The ETRANS 2023-24 Repayment Account*"; and

- any unexpended proceeds of the Series 2023A Notes, the Series 2023B Notes and any additional tax and revenue anticipation notes authorized and issued pursuant to the Loan Program Statutes and the Supplemental Public Securities Act and payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with the pledge thereof in favor of the Owners of the Series 2023B Notes ("Parity Lien Notes") that have not been loaned to the Participating Districts, together with the interest earnings thereon in excess of the amount deposited by the State Treasurer in the Series 2023B Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2023B NOTES – The Series 2023B Notes Proceeds Account."

Interest on the Series 2023B Notes will be payable from a deposit to be made by the State Treasurer on the Closing Date to the Interest Subaccount of the ETRANS 2023-24 Repayment Account in an amount equal to the interest to accrue on the Series 2023B Notes from the Closing Date to the Series 2023B Notes Maturity Date. This deposit is to be made from "Current General Fund Revenues," consisting of any cash income or other cash receipt credited to the General Fund for Fiscal Year 2023-24 that is (i) subject to appropriation for Fiscal Year 2023-24 and (ii) not yet credited to the General Fund as of the Closing Date, but not including the proceeds of the Series 2023A Notes, the Series 2023B Notes, any Parity Lien Notes or of any other borrowing of the State.

Principal of the Series 2023B Notes will be payable from amounts received by the State Treasurer from the Participating Districts on or before June 25, 2024, as repayment of their Program Loans, supplemented if necessary by, among other things, any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, including Current General Fund Revenues and any amounts in the funds established by statute and the State Treasurer from which the State Treasurer is authorized to borrow under State law ("Borrowable Resources").

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2023-24, which is not currently planned.

The ETRANS 2023-24 Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2023A Notes, the Series 2023B Notes and any Parity Lien Notes. The Owners of the Series 2023A Notes, the Series 2023B Notes and any Parity Lien Notes will be equally and ratably secured by a first lien on the ETRANS 2023-24 Repayment Account and the moneys credited thereto.

The Series 2023B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the Constitution of the State of Colorado (the "State Constitution") or State statutes, and the Owners and Beneficial Owners of the Series 2023B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2023B Notes.

See generally "THE SERIES 2023B NOTES – Security and Sources of Payment – Parity Lien Notes," "DISTRICT RESOLUTIONS AND DISTRICT NOTES," "SOURCE OF PAYMENT OF PROGRAM LOANS," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND" and "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST."

State Budgets and Revenue Forecasts

The State relies on revenue estimation as the basis for budgeting and establishing aggregate funds available for expenditure in connection with its appropriation process. By statute, the Office of State Planning and Budgeting ("OSPB") is responsible for providing the Governor of the State (the "Governor") with timely and complete information and recommendations in order to enable the Governor to make public policy and budget decisions. Among other things, OSPB is responsible for developing periodic General Fund revenue estimates. The most recent OSPB revenue forecast, entitled "Colorado Economic and Fiscal Outlook," was issued in December 2023 (the "OSPB December 2023 Revenue Forecast") and is appended to this Official Statement in its entirety as "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST." The OSPB December 2023 Revenue Forecast includes both a national and Colorado economic outlook, an outlook of revenue to the General Fund and the State's cash funds, an outlook of the State budget and an outlook of the revenues subject to Article X, Section 20 of the State Constitution, entitled the Taxpayer's Bill of Rights and commonly known and referred to hereinafter in this Official Statement as "TABOR," as discussed in "STATE FINANCIAL INFORMATION – TABOR." The OSPB December 2023 Revenue Forecast is subject to a number of forecast risks and other caveats stated therein, and therefore prospective investors are advised to read such report in its entirety. See also "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts," "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations" and "APPENDIX A – THE STATE GENERAL FUND," as well as the cautionary statement in "PRELIMINARY NOTICES" on the inside front cover of this Official Statement regarding forward-looking statements.

State Economic and Demographic Information

This Official Statement contains economic and demographic information about the State prepared by Development Research Partners, Inc., for use by the State. See "APPENDIX D – CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION." Development Research Partners, Inc., has consented to the inclusion of such information in this Official Statement. The State does not assume responsibility for the accuracy, completeness or fairness of such information. The information in such Appendix has been included in the Official Statement in reliance upon Development Research Partners, Inc., as experts in the preparation of economic and demographic analyses. Potential investors should read such Appendix in its entirety for information with respect to the economic and demographic status of the State.

Investment Considerations

An investment in the Series 2023B Notes involves risk. Prospective investors are urged to read this Official Statement in its entirety in order to obtain information essential to the making of an informed investment decision, giving particular attention to the matters discussed in "INVESTMENT CONSIDERATIONS."

Legal and Tax Matters

Kutak Rock LLP, Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the issuance of the Series 2023B Notes and will deliver its opinion substantially in the form included in this Official Statement. 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, interest on the Series 2023B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax; and interest on the Series 2023B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws as described herein. The interest on the Series 2023B Notes may affect the federal alternative minimum tax imposed on certain corporations. See "TAX MATTERS" for a full description of the tax treatment of interest on the Series 2023B Notes.

Certain legal matters will be passed upon for the State by the Attorney General of the State and by Kline Alvarado Veio, P.C., Denver, Colorado, as special counsel to the State. See "LEGAL MATTERS."

Continuing Disclosure

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), no undertaking to report annual financial information or operating data as set forth in the final Official Statement, or audited financial statements, will be provided by the State in connection with the Series 2023B Notes because the Series 2023B Notes have a stated maturity of less than 18 months. However, the State Treasurer does undertake in the State Resolution to provide notice of certain enumerated events if they occur, as described in "THE SERIES 2023B NOTES – Security and Sources of Payment – *The ETRANS 2023-24 Repayment Account* – Covenants of the State" and "CONTINUING DISCLOSURE."

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

Additional Information

Brief descriptions of the Series 2023B Notes, the State Resolution, the Loan Program Statutes, the District Resolutions, the District Notes, the Participating Districts, the State and certain other statutes, reports, documents and instruments are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document, statute, report or other instrument. During the offering period, copies of the State Resolution and certain other documents referred to herein may be obtained from RBC Capital Markets, LLC (the "Financial Advisor"), 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O'Connell, telephone number (303) 595-1222.

Forward-Looking Statements

See the preliminary notice in this Official Statement regarding forward-looking statements.

Miscellaneous

The cover page, inside cover, 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.

Information contained in this Official Statement has been obtained from officers, employees and records of the State, the Participating Districts and from other sources believed to be reliable, but this Official Statement is not to be construed as the promise or guarantee of the State, the State Treasurer or the Financial Advisor. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described in this Official Statement since the date hereof. 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.

This Official Statement shall not be construed as a contract or agreement between the State and the Owners or Beneficial Owners of the Series 2023B Notes.

THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2023B NOTES

The Loan Program

Timing differences between revenue collections and disbursements cause many Colorado school districts to incur annual cash flow deficits. The salaries of some school district employees are paid over a 12-month period, and some school district expenses occur on a relatively consistent monthly basis, although most salaries and expenses of school districts are incurred during the traditional school year of September through May. The primary sources of revenue to school districts to meet these expenditures include (i) funding from the State pursuant to Article 54 of Title 22, C.R.S., known as the Public School Finance Act of 1994 (the "Public School Finance Act"), which is received in approximately equal monthly amounts throughout the July 1-June 30 fiscal year of the school districts and the State (the "Fiscal Year"), and (ii) property taxes levied by the school districts, most of which are received in March through June when property taxes are paid by taxpayers. See "SOURCE OF PAYMENT OF PROGRAM LOANS." As a result, school districts often experience cash flow shortages during the fall and winter months before such tax revenues are received. School districts may address this cash flow shortage in a variety of ways, including: (i) borrowing funds from the State; (ii) transferring funds to the school district's general fund from other school district funds on a short-term basis; (iii) borrowing funds on a short-term basis through the issuance by the school district of tax anticipation notes; or (iv) borrowing funds on a short-term basis from a bank or other lender.

Under the Loan Program Statutes, upon approval by the State Treasurer of an application submitted by a school district, the State Treasurer is to make available to such school district in any month of the budget year in which a cash flow deficit occurs an interest-free or low-interest loan from the State's General Fund or from the proceeds of tax and revenue anticipation notes. There are certain limits on the receipt of such loans. For instance, a Program Loan may not be made to provide assistance for matters eligible for payment from the school district's contingency reserve or to cover a foreseeable level of uncollectible property taxes, nor may a Program Loan be used by a school district for the simultaneous purchase and sale of the same security or an equivalent security in order to profit from price disparity. All loans to a school district are to be made from the proceeds of tax and revenue anticipation notes issued by the State Treasurer as discussed below; provided, however, that if the amount of the tax and revenue anticipation notes, if any, issued on behalf of a school district as determined by the State Treasurer is not sufficient to cover the school district's cash deficit, the State Treasurer may, in his or her discretion, make available to such school district an emergency low-interest loan from the State's General Fund. Such loan is to have the same rate of interest as that paid by the State Treasurer on the general fund tax and revenue anticipation notes issued by the State Treasurer pursuant to Part 9 of Article 75 of Title 24, C.R.S. See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds."

The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes for the purpose of alleviating temporary cash flow deficits by making interest-free loans available to eligible school districts. The Series 2023B Notes are being issued pursuant to this authorization. See also "THE SERIES 2023B NOTES – Authorization."

Application of Series 2023B Notes Proceeds

The proceeds of the Series 2023B Notes, net of amounts used to pay costs and expenses relating to the issuance and sale of the Series 2023B Notes, will be deposited in the Series 2023B Notes Proceeds Account and disbursed from time to time by the State Treasurer upon request of the Participating Districts in order to alleviate temporary general fund cash flow deficits expected to be experienced by such Participating Districts during Fiscal Year 2023-24, subject to the conditions stated in the State Resolution and the District Resolutions. See "Program Loans" and "The Participating Districts" below, "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Series 2023B Notes Proceeds Account

The State Resolution directs the State Controller to establish within the State's General Fund the Series 2023B Notes Proceeds Account, which is to be segregated from all other accounts in the General Fund. Moneys deposited in the Series 2023B Notes Proceeds Account are to be applied in accordance with the Loan Program Statutes, including the payment of the costs and expenses related to the issuance and sale of the Series 2023B Notes. The original purchasers of the Series 2023B Notes will not be responsible for the application or disposition by the State or its officers of any of the funds derived from the sale of the Series 2023B Notes.

Moneys held in the Series 2023B Notes Proceeds Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers. Investment earnings on moneys credited to the Series 2023B Notes Proceeds Account up to the amount deposited by the State Treasurer to the Interest Subaccount on the Closing Date are to be credited to the State General Fund and will not be credited to the Series 2023B Notes Proceeds Account; and investment earnings on moneys credited to the Series 2023B Notes Proceeds Account in excess of the amount deposited by the State Treasurer to the Interest Subaccount on the Closing Date are to be retained therein until June 25, 2024, on which date any remaining moneys credited to such Account are to be transferred to the Interest Subaccount of the ETRANS 2023-24 Repayment Account, after which the Series 2023B Notes Proceeds Account is to be closed. See "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

Program Loans

In order to participate in the Loan Program, each Participating District's governing board (the "Board of Education") must adopt a resolution approving the amount of the Program Loan (the "Maximum Principal Amount") and submit any actual or projected financial or budgetary statements required by the State Treasurer, as well as certain other financial information required by the State

Treasurer. Based on such information, the State Treasurer has approved the Maximum Principal Amount of the Program Loan for each such Participating District. An aggregate amount of not more than the Maximum Principal Amount may be drawn upon in the manner provided in the District Resolution and expended by the Participating District from time to time to fund its general fund cash flow deficit occurring during Fiscal Year 2023-24. See also "DISTRICT RESOLUTIONS AND DISTRICT NOTES," "SOURCE OF PAYMENT OF PROGRAM LOANS."

The Participating Districts

As of the date hereof, the Participating Districts that have requested the State Treasurer to issue the Series 2023A Notes and the Series 2023B Notes on their behalf, and the net proceeds thereof that have been or are expected to be borrowed by such Participating Districts, are set forth in "SOURCE OF PAYMENT OF PROGRAM LOANS – Summary Financial Information Regarding the Participating Districts."

THE SERIES 2023B NOTES

The following is a summary of certain provisions of the Series 2023B Notes during such time as the Series 2023B Notes are subject to the DTC book-entry system. Reference is hereby made to the State Resolution in its entirety for the detailed provisions pertaining to the Series 2023B Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2023B Notes are being issued pursuant to the Loan Program Statutes, the Supplemental Public Securities Act and the State Resolution. The Loan Program Statutes authorize the State Treasurer to issue tax and revenue anticipation notes from time to time to accomplish the purposes of the Loan Program Statutes. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2023B NOTES." The State Treasurer may, and currently expects to, issue additional Parity Lien Notes in Fiscal Year 2023-24. See "Parity Lien Notes" in this section.

General Provisions

The Series 2023B Notes will be issued in fully registered form (*i.e.*, registered as to payment of both principal and interest) and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2023B Notes. Beneficial Ownership Interests in the Series 2023B Notes, in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through DTC Participants. Such 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 will be governed as to payment of principal and interest and the receipt of notices and other communications, transfers and various other matters with respect to the Series 2023B Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX F – DTC BOOK-ENTRY SYSTEM."

The Series 2023B Notes will be dated as of the Closing Date, mature on the Series 2023B Notes Maturity Date and bear interest at the rate per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) set forth on the cover page of this Official Statement. Interest on the Series 2023B Notes will accrue from the Closing Date and will be payable on the Series 2023B Notes Maturity Date. The principal of and interest on the Series 2023B Notes will be payable by UMB Bank, n.a., Kansas City, Missouri, as paying agent for the Series 2023B Notes (the "Paying Agent"), to Cede & Co., as the Owner of the Series 2023B Notes, for subsequent credit to the accounts of the Beneficial Owners.

See "APPENDIX F – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2023B Notes will cease to accrue on the Series 2023B Notes Maturity Date.

UMB Bank, n.a., Kansas City, Missouri, will also serve as the Registrar for the Series 2023B Notes, subject to the provisions of the DTC book-entry system.

None of the State, the State Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller, the Paying Agent, the Registrar or the Financial Advisor 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 Owners of the Series 2023B Notes under the State Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the State Resolution with respect to the Series 2023B Notes, (iv) any consent given or other action taken by DTC or its nominee as the Owner of Series 2023B Notes or (v) any other related matter.

No Redemption Prior to Maturity

The Series 2023B Notes are not subject to redemption prior to the Series 2023B Notes Maturity Date.

Security and Sources of Payment

The Series 2023B Notes are special, limited obligations of the State payable solely from the Pledged Revenues, on parity with the Series 2023A Notes and any additional Parity Lien Notes. The Series 2023B Notes do not constitute a debt, an indebtedness or a multiple fiscal year financial obligation of the State or the Participating Districts within the meaning of any applicable provision of the State Constitution or State statutes, and the Owners and Beneficial Owners of the Series 2023B Notes may not look to any source other than the Pledged Revenues for payment of the Series 2023B Notes.

The Pledged Revenues. The Pledged Revenues consist of: (i) amounts received by the State Treasurer from the Participating Districts on or before June 25, 2024, in repayment of their Program Loans; (ii) amounts deposited to the ETRANS 2023-24 Repayment Account as provided below; and (iii) any unexpended proceeds of the Series 2023A Notes, the Series 2023B Notes and any additional Parity Lien Notes that have not been loaned to Participating Districts, together with the interest earnings thereon in excess of the amount deposited by the State Treasurer in the Series 2023B Notes Proceeds Account on the Closing Date. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2023B NOTES – The Series 2023B Notes Proceeds Account."

The ETRANS 2023-24 Repayment Account. The State Resolution directs the State Controller to establish within the General Fund the ETRANS 2023-24 Repayment Account, including therein the Interest Subaccount and the Principal Subaccount, all of which are to be segregated from all other accounts in the General Fund. The ETRANS 2023-24 Repayment Account and the Pledged Revenues are irrevocably pledged to the payment when due of the principal of and interest on the Series 2023A Notes, the Series 2023B Notes and any additional Parity Lien Notes. The Owners of the Series 2023A Notes, the Series 2023B Notes and any additional Parity Lien Notes will be equally and ratably secured by a first lien on the ETRANS 2023-24 Repayment Account and the moneys credited thereto.

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the ETRANS 2023-24 Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2023B Notes from the Closing Date to the Series 2023B Notes Maturity Date.

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the ETRANS 2023-24 Repayment Account all amounts received from the Participating Districts on or before June 25, 2024, in repayment of their Program Loans. However, if on June 25, 2024, the amount credited to the Principal Subaccount is less than the principal amount of the Series 2023A Notes, the Series 2023B Notes and any additional Parity Lien Notes, the State Treasurer is to deposit to the Principal Subaccount the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2023-24, which is not currently planned. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account does not constitute a pledge of or lien on such other funds for that purpose, and there is no limit on the availability or use of such other funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the ETRANS 2023-24 Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the State funds used to make such deposit, and the Owners of the Series 2023B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2024. The making of such investment by the State Treasurer, and the determination of the State fund or funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "APPENDIX A – THE STATE GENERAL FUND."

Moneys held in the ETRANS 2023-24 Repayment Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers. Interest income from the investment or reinvestment of moneys credited to the Interest Subaccount and the Principal Subaccount up to and including June 28, 2024, is to be credited to the General Fund and not credited to the Interest Subaccount or the Principal Subaccount. See "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

Limitations on the Obligations of the State. The State Resolution provides that no provision thereof or of the Series 2023B Notes is to 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 for such Fiscal Year; (ii) as creating a debt or an indebtedness of the State within the meaning of any applicable provision of the State Constitution or State statutes; (iii) as creating a multiple fiscal year direct or indirect debt or other financial obligation whatsoever of the State within the meaning of Article X, Section 20 of the State Constitution (the "Taxpayer's Bill of Rights" or "TABOR") for which adequate cash reserves have not been pledged irrevocably and held for payment in all future fiscal years; (iv) as a delegation of governmental powers by the State; (v) 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 Article XI, Section 1 of the State Constitution; or (vi) as a donation or grant by the State to, or in aid of, any person, company or corporation within the meaning of Article XI, Section 2 of the State Constitution. See “STATE FINANCIAL INFORMATION – TABOR.”

Parity Lien Notes

The State Resolution authorizes the State Treasurer from time to time during Fiscal Year 2023-24 to issue additional tax and revenue anticipation notes pursuant to the Loan Program Statutes that are payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with (but not superior to) the pledge in favor of the Owners of the Series 2023B Notes. Such Parity Lien Notes may have such details as the State Treasurer may determine; provided, however, that the Parity Lien Notes are required to be (i) non-redeemable prior to their Maturity Date, (ii) due and payable as to both principal and interest on the Maturity Date and (iii) payable from the ETRANS 2023-24 Repayment Account.

The State Treasurer currently does not foresee the need to issue additional Parity Lien Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on parity with the pledge in favor of the Series 2023A Notes and the Series 2023B Notes; however, the State Treasurer reserves the right to issue additional Parity Lien Notes if additional funds are requested by eligible school districts. The State Resolution does not limit the principal amount of Parity Lien Notes.

Covenants of the State

The State Treasurer covenants in the State Resolution for the benefit of the original purchasers (the “Purchasers”) and the Owners of the Series 2023B Notes to: (i) keep proper books of record and accounts showing complete and correct entries of all transactions relating to the Funds and Accounts referred to therein and in such manner that the amount of Program Loans made to each Participating District and the amount of repayment of such Program Loans by each Participating District may at all times be readily and accurately determined; and (ii) take any and all actions that may be reasonably required to ensure timely collection of the amounts due by Participating Districts under their respective District Notes.

Defaults and Remedies

Each of the following constitutes an “Event of Default” under the State Resolution:

- payment of the principal of or interest on any of the Series 2023B Notes is not made on the Series 2023B Notes Maturity Date; or
- the State fails to perform or observe any of the covenants, agreements or conditions contained in the State Resolution or in the Series 2023B Notes and such failure continues for 15 days after receipt of written notice thereof by the State Treasurer from any Owner of any of the Series 2023B Notes.

Upon the occurrence of any Event of Default, any Owner of the Series 2023B Notes may: (i) bring any suit, action or proceeding, at law or in equity, to collect sums due and owing on the Series 2023B Notes or to enforce and protect such Owner’s rights under the State Resolution and the Series 2023B Notes; (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the State of any covenant in the State Resolution or the Series 2023B Notes; or (iii) examine the books and records of the State and require the State Treasurer to account for all moneys and investments constituting Pledged Revenues as if the State Treasurer were the trustee of an express trust. Neither principal of nor interest on the Series 2023B Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the ETRANS 2023-24 Repayment Account are insufficient to pay the principal of and interest on the Series 2023A Notes, the Series 2023B Notes and any additional Parity Lien Notes, the State Treasurer is to direct the Paying Agent to ratably apply the moneys in the ETRANS 2023-24 Repayment Account to the payment of the principal and interest then due and unpaid upon the Series 2023A Notes, the Series 2023B Notes and any additional Parity Lien Notes, without preference or priority of principal over interest or of interest over principal, or of any Series 2023A Note, Series 2023B Note or additional Parity Lien Note over any other Series 2023A Note, Series 2023B Note or additional Parity Lien Note, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or preference.

Tax Covenant

The State Treasurer covenants in the State Resolution for the benefit of the Purchasers and the Owners of the Series 2023B Notes that, subject to further investment limitations established pursuant to the terms of the State Resolution, moneys in the Series 2023B Notes Proceeds Account and the ETRANS 2023-24 Repayment Account not immediately needed will be invested only in investments authorized by the Loan Program Statutes; Article 36 of Title 24, C.R.S.; or, to the extent applicable, Part 6 of Article 75 of Title 24, C.R.S.

The State Treasurer further covenants that the State Treasurer will not take any action or omit to take any action with respect to the Series 2023B Notes, the proceeds thereof or other funds of the State if such action or omission: (i) would cause the interest on the Series 2023B Notes to lose its exclusion from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended, and the United States Treasury Regulations thereunder (the "Tax Code"); (ii) would cause interest on the Series 2023B Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income; or (iii) would cause interest on the Series 2023B Notes to lose its exclusion from State taxable income or State alternative minimum taxable income under present State law. This covenant will remain in full force and effect notwithstanding the payment in full of the Series 2023B Notes until the date on which all obligations of the State Treasurer in fulfilling such covenant under the Tax Code and State law have been met. See also "TAX MATTERS."

INVESTMENT CONSIDERATIONS

An investment in the Series 2023B Notes involves certain investment risks that are discussed throughout this Official Statement. Each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below that, among others, could affect the payment of the principal of and interest on the Series 2023B Notes.

Limited Obligations

The Series 2023B Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues. The State has not pledged its General Fund, taxing power or revenues, other than the Pledged Revenues, to the payment of the Series 2023B Notes. The Series 2023B Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State or any political subdivision thereof within the meaning of any applicable provision of the State Constitution or State laws; do not constitute general obligations of the State, the Participating Districts or any other political subdivision of the State; and no governmental entity has pledged its faith and credit for the payment of the Series 2023B Notes. If an Event of Default under the State Resolution should occur, there may not be sufficient Pledged Revenues available to pay the principal of and/or the interest on the Series 2023B Notes. See "THE SERIES 2023B NOTES – Security and Sources of Payment – Defaults and Remedies."

Repayment of Program Loans

The primary source of the Pledged Revenues pledged to pay the principal of the Series 2023B Notes is amounts received by the State Treasurer from the Participating Districts on or before June 25, 2024, as repayment of their Program Loans, which in turn are payable solely from the Taxes of the respective Participating Districts that are distributed to the Participating Districts by the applicable county treasurers during the period of March through June of 2024. Property taxes received by a Participating District either prior or subsequent to such period will not be available for repayment of its Program Loan. There is no assurance that a Participating District will receive sufficient Taxes from March through June of 2024 to repay its Program Loan in full. In such event, the State Treasurer is required by the State Resolution to fund the amount of the deficiency, and pay the principal amount of the Series 2023B Notes, from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes, but is first to utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The State Treasurer is entitled and intends to recover those moneys from such Participating District under the default provisions of the Loan Program Statutes and the District Resolution. See generally "DISTRICT RESOLUTIONS AND DISTRICT NOTES" and "SOURCE OF PAYMENT OF PROGRAM LOANS – Taxes – Ad Valorem Property Tax Procedure – Summary Financial Information Regarding the Participating Districts."

The obligation of a Participating District to make payments in respect of its Program Loan does not constitute a joint obligation with any other Participating District and is strictly limited to the principal amount of the District Note and, under the circumstances described in "DISTRICT RESOLUTIONS AND DISTRICT NOTES – Participation in the Loan Program," default interest thereon (the "Payment Obligation") under its District Resolution.

Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds

As discussed in "Repayment of Program Loans" in this section and "THE SERIES 2023B NOTES – Security and Sources of Payment – *The ETRANS 2023-24 Repayment Account*" and "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," in the event of a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account resulting from a default in the repayment of Program Loans, the State Resolution requires the State Treasurer to deposit to the Principal Subaccount of the ETRANS 2023-24 Repayment Account the amount of the deficiency from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to utilize all other funds that are eligible for investment for such purpose prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes.

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2023-24, which is not currently planned. In addition, the covenant of the State Treasurer to first use all other funds that are eligible for investment in the District Notes in order to fund a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account does not constitute a pledge of or lien on such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. If it becomes necessary to make a deposit to the Principal Subaccount of the ETRANS 2023-24

Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the Funds used to make such deposit, and the Owners of the Series 2023B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2024. The making of such investment by the State Treasurer, and the determination of the Fund or Funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds established by statute and the State Treasurer and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

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 Balanced 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 OSPB is responsible for developing the General Fund revenue estimate. The most recent OSPB revenue forecast, which was issued in December 2023, is appended to this Official Statement as "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST." See also "STATE FINANCIAL INFORMATION" and "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts." The Colorado Legislative Council also prepares quarterly revenue forecasts which are released on the same dates as the OSPB revenue forecasts.

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the modified accrual method 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 a modified accrual basis, which is not solely based on when such amounts are received or paid. If an unanticipated cash shortfall were to occur in late Fiscal Year 2023-24, it may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account on June 25, 2024. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations," "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST."

The OSPB December 2023 Revenue Forecast states that Gross General Fund revenues in Fiscal Year 2022-23 (preliminary) increased by 1.7% over Fiscal Year 2021-22, and forecasts that Gross General Fund revenues in Fiscal Year 2023-24 will decrease by 2.5% over Fiscal Year 2022-23, followed by an increase in Fiscal Year 2024-25 of 3.8% over Fiscal Year 2023-24. The OSPB December 2023 Revenue Forecast further states that the State ended Fiscal Year 2022-23 with reserves of $431.5 million (preliminary) above the 15.0% Unappropriated Reserve requirement for that Fiscal Year, and forecasts that the State will end Fiscal Years 2023-24 and 2024-25 with reserves of $166.9 million and $36.8 million, respectively, above the 15.0% Unappropriated Reserve requirement for those Fiscal Years.

These figures are based on revenue and budget information available when the OSPB December 2023 Revenue Forecast was completed, and as such are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures. The OSPB December 2023 Revenue Forecast is subject to a number of forecast risks and other caveats stated therein. Prospective investors are advised to read the OSPB December 2023 Revenue Forecast in its entirety. See also "STATE FINANCIAL INFORMATION – Budget process and Other Considerations – *Revenues and Unappropriated Amounts*."

The next OSPB revenue forecast is scheduled to be released in March of 2024. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB December 2023 Revenue Forecast. If a revenue shortfall is projected for Fiscal Year 2023-24 and subsequent forecasted years, budget cuts and/or actions to increase the amount of money in the General Fund will be necessary to ensure a balanced budget. A revenue shortfall in Fiscal Year 2023-24 may adversely affect the State's ability to fund, if necessary, any deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account on June 25, 2024. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS," "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts – *Revenue Shortfalls*" and "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST."

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 the preliminary notice in this Official Statement regarding forward-looking statements.

Parity Lien Notes

The State Resolution permits the State to issue Parity Lien Notes upon satisfaction of certain conditions provided therein and in the Loan Program Statutes. If issued, such Parity Lien Notes would be payable from and secured by a pledge of the Pledged Revenues on parity with the pledge securing the Series 2023B Notes. Therefore, the issuance of Parity Lien Notes could materially diminish the level of repayment coverage provided by the Taxes and other funds as security for the Series 2023B Notes. The State Treasurer currently does not foresee the need to issue additional Parity Lien Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on parity with the pledge in favor of the Series 2023A Notes and the Series 2023B Notes; however, the State Treasurer reserves the right to issue additional Parity Lien Notes if additional funds are requested by eligible school districts. The State Resolution does not limit the principal amount of Parity Lien Notes. See "THE SERIES 2023B NOTES – Authorization – Parity Lien Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2023B Notes could become includable in gross income for federal income tax purposes and/or become includable in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the State Resolution.

Future Changes in Laws

Various State laws and constitutional provisions apply to the operations of the Participating Districts and the imposition, collection and expenditure of ad valorem property taxes and other funds by the Participating Districts, including the Taxes and other funds pledged to the repayment of the Program Loans, as well as to the operations of and availability and appropriation of funds by the State. There is no assurance that there will not be any changes in, interpretation of or addition to such laws that would have a material adverse effect, directly or indirectly, on the operations of the Participating Districts, the imposition, collection or expenditure of ad valorem property taxes and other funds by the Participating Districts or the ability of the Participating Districts to repay the Program Loans, or on the affairs of the State, the availability of and appropriation of funds by the State or the ability of the State to pay the Series 2023B Notes.

Cyber Security Risks

The State, like other large public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private or sensitive information, the State is a potential target for a variety of cyber threats, including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the State's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. Recognizing the potential damage that could be caused by any such attacks, the State has established the Governor's Office of Information Security ("OIT") as the single source for the State's cybersecurity readiness and awareness. The OIT has promulgated a series of policies and standards for State agencies and information security and provides mandatory training for State employees except those in the Department of Law, who receive training from the Department's own cybersecurity specialist due to the nature of the work performed by that Department. In addition, the State has procured insurance coverage for data breaches and other security and privacy incidents. Employee computers at the Colorado Department of Transportation were the subject of a ransomware attack in February 2018. In addition, State agencies have recently experienced three cyber security incidents, public notice of which was provided at https://hcpf.colorado.gov/moveit, https://cdhs.colorado.gov/notice-from-maximus-about-moveit-data-security-incident and https://cdhe.colorado.gov/notice-of-data-incident. The State does not believe that any other material security breaches to its digital systems have occurred over the past five years. 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.

DISTRICT RESOLUTIONS AND DISTRICT NOTES

The Board of Education of each Participating District that has requested the State Treasurer to issue the Series 2023B Notes on its behalf has, or prior to the Closing Date is required to have, adopted a District Resolution that authorizes the Participating District to borrow funds from the State Treasurer pursuant to the Loan Program, and has, or prior to the Closing Date is required to have, executed and delivered a District Note to the State Treasurer to evidence the Participating District's obligation to repay its Program Loan. The obligation of a Participating District to make payments in respect of its District Note is not a joint obligation with any other Participating District and is strictly limited to the Payment Obligations of such Participating District under its District Resolution.

Set forth below is a summary of the District Resolutions and District Notes. The District Resolutions and District Notes are substantially the same except as to Maximum Principal Amount and the cash flow projections. The references in this summary to a single District Resolution, District Note or Participating District are, except where otherwise indicated, equally applicable to all of the District Resolutions, District Notes, and Participating Districts. The following summary does not purport to be complete, and is qualified by express reference to the provisions of the District Resolutions and District Notes, copies of which are available as provided in "INTRODUCTION – Additional Information" and "MISCELLANEOUS." A District Resolution may be amended only with the written consent of the State Treasurer. See also "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2023B NOTES – Program Loans – The Participating Districts."

Participation in the Loan Program

The District Resolution authorizes the Participating District to participate in the Loan Program for Fiscal Year 2023-24, and to issue and deliver the District Note to the State Treasurer in the Maximum Principal Amount to evidence the Participating District's Payment Obligation, for the purpose of paying the Participating District's projected budgeted expenditures during Fiscal Year 2023-24. The District Note matures on June 25, 2024 (the "District Note Maturity Date"), and is interest-free through such date; provided, however, that if the District Note is not paid in full on the District Note Maturity Date, it will become a defaulted note (a "Defaulted Note") and the unpaid portion thereof will bear interest thereafter until paid at a default rate equal to the interest rate, or the weighted average interest rate, paid by the State Treasurer on the Series 2023A Notes, the Series 2023B Notes and any additional Parity Lien Notes. The District Note may be prepaid in whole or in part at any time prior to the District Note Maturity Date.

The Participating District may obtain draws on its Program Loan in the manner discussed in "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2023B NOTES – Program Loans."

The State Treasurer is authorized pursuant to the District Resolution to maintain records on behalf of the Participating District that reflect the outstanding principal amount due under the District Note, the date and amount of the Program Loan and repayment of the Program Loan by the Participating District to the State Treasurer.

Security for and Payment of the District Note

The District Note is payable from and secured by a lien in the amount of the Participating District's Payment Obligations on all of the Participating District's ad valorem taxes on real and personal property received by the Participating District during the period of March through June of 2024 that are required to be credited to the Participating District's general fund. Such lien has priority over all other expenditures from such Taxes until the Participating District's Payment Obligations are paid in full. All Taxes received by the Participating District are to be paid to the State Treasurer within one Business Day of receipt until the Payment Obligations are paid in full. The District Resolution authorizes the State Treasurer to pledge and assign the District Note and all or any part of the Participating District's obligations thereunder, including, without limitation, the Participating District's Payment Obligations, to secure the payment of the Series 2023A Notes, the Series 2023B Notes and any additional Parity Lien Notes. See "SOURCE OF PAYMENT OF PROGRAM LOANS."

Defaults and Remedies

The occurrence of any of the following constitutes a "District Event of Default" with respect to the District Resolution and District Note:

(i) failure by the Participating District to pay in full the principal amount of the District Note when due or before the District Note Maturity Date;

(ii) default by the Participating District in the performance or observance of any other covenant, agreement or obligation of the Participating District under its District Note or District Resolution (other than as described in the previous paragraph) and failure to cure such default within ten days after the earlier of the date that the Participating District furnishes notice of a default to the State Treasurer or the Participating District receives written notice of default from the State Treasurer;

(iii) with certain exceptions, any warranty, representation or other statement by or on behalf of the Participating District contained in its District Resolution or in any certificate, requisition, report or any other instrument furnished in compliance with or in reference to its District Resolution or its District Note is false or misleading in any material respect; or

(iv) the Participating District applies for or consents to the appointment of a receiver, trustee, liquidator, custodian or the like either of itself or of its property; admits in writing its inability to pay its debts generally as they become due; makes a general assignment for the benefit of creditors; or is adjudicated as bankrupt or insolvent.

Upon the occurrence of a District Event of Default as described in clause (i) above, the statutory remedy of the State Treasurer is to notify the treasurer of each county in which the Participating District levies Taxes that the Participating District is in default on its obligation to pay its Payment Obligation and the amount of the Payment Obligation. Pursuant to the Loan Program Statutes, the county treasurer is thereupon required to withhold any "Default Taxes" (being ad valorem taxes on real and personal property received or to be received by the Participating District after the District Note Maturity Date that are required to be credited to the Participating District's general fund and are available for payment of the Defaulted Note pursuant to Section 22-54-110(2)(c), C.R.S.) to be received by the District and in the possession of the county treasurer in the amount of such unpaid Payment Obligation. If the amount of Default Taxes to be received by the District and in the possession of the county treasurer at the time such notice is given is less than the amount of the Payment Obligation, the county treasurer is to withhold additional Default Taxes to be received by the District and in the possession of the county treasurer until such time as the Payment Obligation has been paid to the State Treasurer in full. *Default Taxes are available solely to repay a Participating District's Payment Obligation to the State Treasurer following a District Event of Default and are not pledged to the payment of the Series 2023B Notes.*

The State Treasurer also may, with the agreement of the Participating District, acquire from the Participating District real property having a fair market value at least equal to the outstanding balance of the District Note and lease back such property to the Participating District pursuant to a lease-purchase agreement that is subject to annual appropriation. If a Participating District defaults in the payment of rent required by the lease-purchase agreement and fails to cure such default, the State Treasurer may take possession of the property and, upon entry of a judgment in favor of the State Treasurer and the issuance of a writ of restitution, the State Treasurer is to liquidate the property to the best advantage of the State.

Upon the occurrence of any District Event of Default, the State Treasurer may take any other action at law or in equity to enforce the performance or observance of any other obligation, agreement or covenant of the Participating District, and to enforce the levy, liens, pledges and security interests granted or created under the District Resolution. The several remedies available to the State Treasurer upon a District Event of Default are cumulative. No delay or omission to exercise any right or power occurring upon any default is to impair any such right or power or be construed to be a waiver thereof, and all such rights and powers may be exercised as often as may be deemed expedient.

A District Event of Default does not constitute an Event of Default under the State Resolution. See "THE SERIES 2023B NOTES – Defaults and Remedies."

Other Covenants and Representations

The Participating District also makes the following covenants and agreements in the District Resolution:

- The Participating District will provide to the State Treasurer demographic and financial information concerning the Participating District relevant to the Participating District's obligations under the District Resolution, which the State Treasurer is authorized to provide, on behalf of the Participating District, to such other parties as the State Treasurer deems necessary and in the best interests of the Participating District in order to consummate the transactions contemplated by the District Resolution and under the Loan Program. The Participating District further covenants that, with respect to the Participating District's operations or description as of the Closing Date and as of the date provided, whether prior to or following the Closing Date, the information so provided will not contain any untrue statement of a material fact, and will not omit any material fact necessary to prevent such statements or information so provided, in light of the circumstances under which they are made, from being misleading.

- The Participating District will not issue notes or other obligations for cash flow purposes that are payable from the Taxes or Defaulted Taxes or are secured by a lien on the Taxes or Defaulted Taxes that is superior to or on a parity with the lien of the District Note.

- The Participating District will furnish to the State Treasurer as soon as possible (and in any event within two Business Days) after the discovery by the Participating District of any District Event of Default, or of any event, act or occurrence that with notice or lapse of time, or both, would become a District Event of Default (a "District Default"), a certificate of an Authorized Officer (as defined in the District Resolution) setting forth the details of such District Event of Default or District Default and the action proposed to be taken by the Participating District with respect thereto.

- The Participating District will deliver to the State Treasurer such financial data as the State Treasurer may reasonably request (including, without limitation, any information relating to Taxes, expenses, available funds, tax rolls, financial statements, budget and cash flow) and, if requested, copies of the Participating District's audited year-end financial statements, budgets, official statements and similar information issued by it to the public.

The Participating District also represents to the State Treasurer that unless, prior to the Closing Date, one of the Authorized Officers of the District notifies the State Treasurer in writing to the contrary, among other things: (i) it has had an ad valorem property tax collection rate of not less than 90% of the aggregate amount of ad valorem property taxes levied within the Participating District in each of the most recent three calendar years; (ii) as of the date of adoption of the District Resolution and on the date of issuance of the District Note the Participating District reasonably expects to collect at least 90% of such amount for Fiscal Year 2023-24; (iii) the Participating District has not defaulted within the past five years, and is not currently in default, on any debt obligation; (iv) any documents setting forth, among other matters, financial information regarding the District and information relating to the District Resolution and the District's obligations thereunder, other disclosures by the District pursuant to the District Resolution and cash flow projections and ongoing reports pursuant to the District Resolution have been and will be prepared consistent with generally accepted accounting principles; and (v) the District's budget and financial accounting policies and procedures are in compliance with State law.

Parties in Interest

Nothing in the District Resolution, expressed or implied, is intended to or is to be construed to confer upon or to give to any person or party other than the State Treasurer, acting on behalf of the State, as the sole owner of the District Note, any rights, remedies or claims under or by reason of the District Resolution or any covenant, condition or stipulation thereof, and all covenants, stipulations, promises and agreements in the District Resolution are for the sole and exclusive benefit of the State Treasurer, acting on behalf of the State, as a third party beneficiary.

SOURCE OF PAYMENT OF PROGRAM LOANS

Taxes

The Program Loans are payable solely from the Taxes of the Participating Districts, and do not constitute general obligations of the Participating Districts. See "DISTRICT RESOLUTIONS AND DISTRICT NOTES – Security for and Payment of the District Note."

Taxes are limited to ad valorem taxes on real and personal property received by the Participating District during the period of March through June of 2024 that are required to be credited to the Participating District's general fund. These in turn are comprised of the ad valorem property taxes that the Participating District is authorized to impose in accordance with the Public School Finance Act, plus certain permitted "override revenues," both of which are discussed in this section.

In addition to the Taxes, the Participating Districts are also authorized to impose ad valorem property taxes for certain other purposes, such as for bond redemption and capital improvements, and receive various other local, State and federal revenues. However, none of these other revenues constitute Taxes pledged to the payment of the District Loans.

State Equalization Funding of School Districts

The discussion in this section provides an overview of the funding of the Colorado school districts under existing State statutes. *The State portion of the school districts' funding is <u>not</u> pledged to pay the Program Loans*.

Public School Finance Act of 1994. Colorado school districts are funded primarily from revenues that are determined in accordance with the Public School Finance Act, which was adopted by the State legislature, known as the "General Assembly," pursuant to Article IX, Section 2 of the State Constitution in order to provide for a thorough and uniform system of public schools throughout the State. The Public School Finance Act has applied to school districts for budget years beginning on and after July 1, 1994, and its provisions are to be used to calculate for each school district an amount that represents the financial base of support for public education in that district (the "Total Program"), which is then funded in part by the school district and in part by the State.

The constitutionality of the existing public school finance system has been subject to legal challenges from time to time. With certain exceptions these challenges have been resolved in favor of the State. See also "INVESTMENT CONSIDERATIONS – Future Changes in Laws."

Total Program Funding Formula. Funding to school districts is based on a per-pupil formula that calculates the Total Program. For each pupil funded in the October 1 pupil count, the formula provides a base per pupil amount of money, increased each year to account for inflation, plus additional money to recognize variances among school districts in cost of living, personnel costs and size. The Total Program amount also includes additional funding for at-risk pupils. As these components vary among school districts, so does the amount of Total Program funding provided.

A new factor was introduced in the school finance formula starting in Fiscal Year 2010-11 due to the budget balancing challenges facing the State. This "Budget Stabilization Factor" reduces in an equitable manner the amount of funding that school districts would have received prior to the application of this adjustment. In general, the Budget Stabilization Factor is calculated by first determining the Total Program funding amount for all school districts in the State (the "Statewide Total Program") prior to application of the Budget Stabilization Factor. The Budget Stabilization Factor then reduces this Statewide Total Program to an amount set by the General Assembly, which amount reflects reductions to stabilize the State's budget for each Fiscal Year, as applicable. The difference between the Statewide Total Program amount prior to application of the Budget Stabilization Factor and the established floor amount for the Statewide Total Program after the application of the Budget Stabilization Factor is utilized to calculate a percentage reduction that is then applied to decrease each school district's Total Program funding amount for a given Fiscal Year. Due to uncertainty concerning the continuity and longevity of current economic conditions, which affects both the local share and State share of Total Program Funding as discussed in "*Sources of Funding of Total Program*" in this section, the Budget Stabilization Factor has been repealed effective July 1, 2024, per Senate Bill ("SB") 23-287 in favor of a more measured approach by the General Assembly to reducing the budget stabilization factor in future budget years.

The current general rule for calculating Total Program funding is as follows:

Total Program	=	Funded Pupil Count (October 1)	x	Total Per Pupil Funding	+	At-Risk Funding	+	On-Line Funding and ASCENT	-	Budget Stabilization Factor[1]

Funded Pupil Count	=	The sum of (i) the school district's on-line and ASCENT pupil count, plus (ii) for Fiscal Years through 2022-23, the school district's preschool program pupil count[2] plus (iii) the greater of the number of K-12 pupils enrolled in the school district or the average enrollment for the current and up to four prior budget years.
Per Pupil Funding	=	A formula which takes into consideration a Statewide base level plus adjustments for variances in district size, cost of living, personnel costs and non-personnel cost factors specified in the Public School Finance Act.
At-Risk Funding	=	Formulaic funding amounts which are based upon the percentage of district pupils eligible for free lunch and English language learner pupils.
On-Line Funding and ASCENT	=	Funding amounts for pupils receiving an education predominantly through a multi-district on-line program and residing in the State or participating in the "Accelerating Students Through Concurrent Enrollment" ("ASCENT") program administered by the Colorado Department of Education pursuant to Section 22-35-108, C.R.S. The goals of the ASCENT program are to, among other things, increase the percentage of students who participate in postsecondary education, especially among low-income and traditionally underserved populations.
Budget Stabilization Factor[1]	=	The Budget Stabilization Factor is a State budget element that proportionately reduces the amount of total funding for each district, such that State aid is reduced.

The Statewide Total Program funding amount is established in the Public School Finance Act initially based upon projections of various factors. Once actual figures are known, a mid-year revision may be made to this amount. Per SB 23-287, the initial Statewide Total Program funding amount for Fiscal Year 2023-24, after application of the Budget Stabilization Factor, was initially established at an amount of not less than $9,101,600,922, constituting a Budget Stabilization Factor of 1.56%, subject to a mid-year revision.

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1 Per SB 23-287, the Budget Stabilization Factor has been repealed effective July 1, 2024.

2 Per House Bill ("HB") 22-1295, State funding for preschool services, including preschool services for children with disabilities, is to be appropriated and allocated separately from the funding for public elementary and secondary education, and, beginning in Fiscal Year 2023-24, the Statewide base per pupil funding amount set annually for public elementary and secondary education will no longer apply to funding for preschool services.

The Public School Finance Act provides for a minimum level of Total Program funding, although a school district's ability to accept the full amount of Total Program funding may be limited by the constraints on the school district's annual revenue and spending growth discussed in "TABOR" below. The minimum level of Total Program funding for Fiscal Year 2023-24 is currently projected to be $10,192.89 per traditional pupil and $9,738.00 per on-line pupil ($10,314.16 and $9,586.36, respectively, after application of the Budget Stabilization Factor), subject to a mid-year revision as discussed above.

Amendment 23. In November of 2000, the State's voters approved an amendment to the State Constitution relating to funding for public schools, commonly referred to as "Amendment 23." Amendment 23 requires that the base per-pupil funding amount and the funding for categorical programs (such as transportation, language proficiency, expelled and at-risk students, special education, gifted and talented education, vocational education, small attendance centers and comprehensive health education): (i) increase by the rate of inflation plus one percentage point for Fiscal Year 2001-02 through Fiscal Year 2010-11, and (ii) increase by at least the rate of inflation each year thereafter. Amendment 23 also creates the State Education Fund, and (i) mandates that there be deposited therein an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, and (ii) exempts such revenues from the revenue limitations of TABOR. See "TABOR" below. The General Assembly may appropriate moneys from the State Education Fund only to increase funding in preschool through 12th grade education or for purposes specifically provided in Amendment 23, including accountable education reform, accountable programs to meet State academic standards, reducing class size, expanding technology education, improving public safety, accountability reporting, performance incentives for teachers and public school building capital construction. The Amendment 23 funds may not be used to reduce the current level of general fund appropriations for Total Program funding and categorical programs. See also "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS – Certain State Funds Eligible for Investment in the District Notes – *The State Education Fund*" for a discussion of the State Education Fund.

Sources of Funding of Total Program. Under the Public School Finance Act, a school district's Total Program is funded in part by the school district (the "local share"), with the State funding the balance (the "State share"). The local share is the amount raised by the school district's ad valorem property tax levy (assuming 100% collection) plus the amount of specific ownership tax revenue paid to the school district in the prior Fiscal Year that is attributable to the school district's general fund, excluding override revenues.

Pursuant to the Public School Finance Act, for the 2021 property tax year (2022 tax collection year) and each property tax year thereafter, except as otherwise provided below for reorganized school districts, a school district's property tax levy to fund the local share of its Total Program is to be the lesser of: (i) the number of mills that will generate property tax revenue in an amount equal to the school district's total program for the applicable budget year minus the amount of specific ownership tax revenue paid to the school district (regardless of the applicability of Section 22-54-104(5)(g), C.R.S., for the purposes of this clause a school district's Total Program is to be the amount calculated pursuant to Section 22-54-104(2), C.R.S.); (ii) for a school district that has not obtained voter approval to retain and spend revenue in excess of the property tax revenue limitation imposed on the school district by TABOR (such voter approval commonly referred to as being "de-Bruced"), the number of mills that the school district may levy under the property tax revenue limitation imposed on the school district by TABOR. In calculating local growth for purposes of determining the property tax revenue limitation imposed on a school district by TABOR, a school district's student enrollment is the school district's funded pupil count; (iii) the number of mills that the school district levied in the preceding year; or (iv) 27.000 mills.

Commencing with the 2021 property tax year (2022 tax collection year), if there is a reorganization pursuant to Article 30 of Title 22, C.R.S., that results in the creation of a new school district, then in the first year of operation the new school district, the school's property tax levy to fund the local share of its Total Program is to be the lesser of: (i) 27.000 mills; or (ii) the number of mills that will generate property tax revenue in an amount equal to the School district's Total Program for the first year of operation minus the amount of specific ownership tax revenue paid to the school district. Regardless of the applicability of Section 22-54-104(5)(g), C.R.S., for the purposes of this clause the school district's Total Program is to be the amount calculated pursuant to Section 22-54-104(2), C.R.S.

If pursuant to the foregoing paragraphs a school district is required to levy a greater number of mills than it levied in the 2019 property tax year, the Board of Education of the school district is required to grant a temporary property tax credit equal to the amount of the increase. The amount of revenue attributable to the number of mills for which there is a tax credit is not included in calculating the State share of the school district's Total Program. See also "TABOR" below and "INVESTMENT CONSIDERATIONS – Repayment of Program Loans."

Specific ownership tax revenue is the portion of the revenues of the specific ownership tax on certain motor vehicles and other personal property imposed by the State pursuant to Article 3 of Title 42, C.R.S., allocable to the school district. Specific ownership taxes are collected on property within each county by the county treasurer, and the total amount of specific ownership taxes collected by the county treasurer is apportioned among all taxing entities within the county on the basis of the amount of ad valorem property taxes levied by such entities within the county during the preceding calendar year.

The difference between the Total Program and the amount generated from the school district's mill levy and specific ownership taxes is required to be paid by the State. The General Assembly is required to make annual appropriations to fund the State's share of the Total Program of all school districts. The availability of State funds to the school district may be affected by actions of the legislature and by the cash position of the State itself. In the event the State's appropriation for its share of the Total Program of all school districts is not sufficient to fund fully the State's share, the Department of Education is required to submit a request for a supplemental appropriation in an amount which will fund fully the State's share during the Fiscal Year in which such insufficiency occurs. If a supplemental appropriation is not made, a percentage reduction in State aid to all school districts receiving State aid is to be made in funding categories not mandated by the State Constitution. See "Total Program Funding Formula" and "Amendment 23" in this section.

Override Revenues

The other source of Taxes pledged to the repayment of Program Loans is "override revenues" received by the Participating District. If a school district or its electorate desires to spend property tax revenues in excess of the amount authorized to fund its share of the Total Program, the school district may, or upon receipt of a valid initiative petition is required to, seek voter approval to raise and spend additional, or "override," property tax revenues. Override revenues are generated solely from increased property taxes and do not affect the amount of State funding that the school district is otherwise eligible to receive under the Public School Finance Act.

Override revenues are currently permitted for specific purposes, which may be limited by statute in duration and amount. Specific purpose override revenues include excess transportation costs, special building and technology fund and cash funding of capital construction, new technology, existing technology upgrade and maintenance needs.

In addition to the specific purpose override revenues, school districts may raise additional local revenues pursuant to the limitations of Section 22-54-108, C.R.S. The school district's override revenues under this statute are limited to the sum of: (a) the greater of (i) 25% (30% for "small rural districts") of the school district's Total Program, or (ii) $200,000; plus (b) an amount equal to the maximum dollar amount of property tax revenue that the school district could have generated for Fiscal Year 2001-02 in a cost of living adjustment election pursuant to Section 22-54-107.5, C.R.S. Override revenues are also permitted for a school district whose Fiscal Year 1994-95 actual Total Program exceeded its funding formula calculation for that Fiscal Year (a "hold harmless" district). The hold harmless override revenue reduces the maximum allowable override permitted under Section 22-54-108, C.R.S.

School districts may be required to levy two additional mills above the Total Program mill discussed above to ensure the total mill levied by the school district is not less than the mill levied in the prior year. These school districts have the ability to fully fund total program without receiving a State share. The first mill is levied to partially offset the school district's repayment of other State revenues (*i.e.*, categorical program revenue). The second mill is a total program mill levied for the restricted purpose of offsetting any future reduction in the school district's Total Program caused by the Budget Stabilization Factor. Expenditures from the property tax revenues collected from levying the Total Program mill would be spent in years in which the school district's total program exceeded its local share (*i.e.*, total program mill levy revenue plus specific ownership tax).

Ad Valorem Property Taxation Procedure

Property Subject to Taxation. Subject to the limitations discussed in "TABOR" below, the Board of Education of each school district has the power to certify to each county in which the school district is located a levy for collection of ad valorem taxes against all taxable property within the school district.

Property taxes are uniformly levied against the assessed valuation of all taxable property within the boundaries of the school district. Both real and personal property are subject to taxation unless exempt. Exempt property includes, without limitation: property of the United States of America; property of the State and its political subdivisions; public libraries; public school property; charitable property; religious property; nonprofit cemeteries; irrigation ditches, canals, and flumes used exclusively to irrigate the owner's land; household furnishings and personal effects not used to produce income; intangible personal property; and inventories of merchandise and materials and supplies that are held for consumption by a business or are held primarily for sale; livestock; agricultural and livestock products; and works of art, literary materials and artifacts on loan to a political subdivision, gallery or museum operated by a charitable organization. The State Board of Equalization supervises the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes.

Determination of Actual Value. Each county assessor in the State annually conducts appraisals in order to determine, on the basis of statutorily specified approaches, the actual value of all taxable property within the county as of January 1st. Such statutory actual value of a property is not intended to represent current market value, but, with certain exceptions, is determined by the county assessor utilizing a "level of value" ascertained for each two-year reassessment cycle from manuals and associated data published by the State Property Tax Administrator for the statutorily-defined period preceding the assessment date. The statutory actual value is based on the "level of value" for the period one and one-half years immediately prior to the July 1st preceding the beginning of the two-year reassessment cycle (adjusted to the final day of the data-gathering period). The one and one-half year period used to determine the level of value advances two years with the start of each reassessment cycle. For the 2021 and 2022 tax levy years (2022 and 2023 tax collection years), the level of value for the determination of statutory actual value was as of July 1, 2020, based on the period of January 1, 2019 to June 30, 2020; and for the 2023 and 2024 tax levy years (2024 and 2025 tax collection years), the level of value for the determination of statutory actual value is as of July 1, 2022, based on the period of January 1, 2021 to June 30, 2022.

Oil and gas leaseholds and lands, producing mines and other lands producing nonmetallic minerals are valued based on production levels rather than by the base year method. Public utilities are valued annually by the State Property Tax Administrator in accordance with State law utilizing unitary valuation procedures. The State Property Tax Administrator values each company, allocates a portion of the value to the State and then apportions such value to the appropriate counties based on the location of company's operating property or business activity, and the county assessor in turn allocates such value to the appropriate tax areas throughout the county.

Determination of Assessed Value. Assessed valuation, which represents the value upon which ad valorem property taxes are levied, is calculated by the county assessor as a percentage of the statutory actual value of such property.

SB 21-293, adopted by the General Assembly during the 2021 legislative session, and SB 22-238, adopted by the General Assembly during the 2022 legislative session, changed the classification for assessment purposes of certain property. Specifically, multi-family residential real property (defined as residential real property that is a duplex, triplex or multi-structure of four or more units) was reclassified as a new subclass of residential real property; and lodging property (defined as hotels, motels, bed and breakfasts and personal property located at such establishments), real agricultural property and renewable energy production property were reclassified as new subclasses of nonresidential property.

SB 21-293, SB 22-238 and SB 23B-001, adopted by the General Assembly during the 2023 extraordinary legislative session following the rejection of Proposition HH at the State's November general election, also temporarily reduced the assessment rates for certain classes of taxable residential property and nonresidential property (other than producing mines and lands or leaseholds producing oil or gas), resulting in the following assessment rates for property tax years 2022 and thereafter:

Residential Property

The valuation for assessment of residential real property other than multi-family residential real property is to be 7.15% of statutory actual value, except that:

- for the 2022 property tax levy year (2023 tax collection year), the assessment rate for such property was temporarily reduced to 6.95% of the statutory actual value of the property;
- for the 2023 property tax levy year (2024 tax collection year), the assessment rate for such property is temporarily reduced to 6.7% of the amount equal to the statutory actual value of the property minus the lesser of $55,000 or the amount that reduces the valuation for assessment of the property to $1,000; and
- for the 2024 property tax levy year (2025 tax collection year), the assessment rate for such property is to be temporarily established as the percentage calculated in accordance with Section 39-1-104.4, C.R.S., which provides that the assessment rate for the 2024 property tax levy year is to be equal to the percentage necessary for the following to equal a total of $700 million: (i) the aggregate reduction of local government property tax revenue during the 2023 property tax levy year made by SB 22-238, exclusive of any changes made by SB 23B-001, that reduced valuations for assessment for lodging property, agricultural property, renewable energy production property, multi-family residential property and all other residential real property; and (ii) the aggregate reduction of local government property tax revenue during the 2024 property tax levy year as a result of the reduced valuations for assessment of agricultural property, renewable energy production property, multi-family residential property and all other residential real property for such property tax levy year.

The valuation for assessment of multi-family residential real property is also 7.15% of statutory actual value, except that:

- for the 2022 property tax levy year (2023 tax collection year), the assessment rate was temporarily reduced to 6.8% of the statutory actual value of the property;
- for the 2023 property tax levy year (2024 tax collection year), the assessment rate is temporarily reduced to 6.7% of an amount equal to the statutory actual value of the property minus the lesser of $55,000 or the amount that causes the valuation for assessment of the property to be $1,000.
- For the 2024 property tax levy year (2025 tax collection year), the assessment rate is to be temporarily reduced to 6.8% of statutory actual value.

The assessment rate for all residential property for property tax years 2025 and thereafter is 7.15% of statutory actual value.

Nonresidential Property Other Than Producing Mines and Lands or Leaseholds Producing Oil or Gas

The ratio of valuation for assessment of nonresidential property (other than producing mines and lands or leaseholds producing oil or gas) is 29% of statutory actual value, except that:

- for the 2022-2024 property tax levy years (2023-2025 tax collection years), the assessment rate for agricultural property and renewable energy production property was and is temporarily reduced to 26.4% of statutory actual value;
- for the 2023 property tax levy year (2024 tax collection year), the assessment rate for lodging property is temporarily reduced to 27.9% of an amount equal to the statutory actual value of the property minus the lesser of $30,000 or the amount that causes the valuation for assessment of the property to be $1,000;
- for the 2023 property tax levy year (tax collection year 2024): (i) the valuation for assessment of all property other than agricultural property, renewable energy production property and lodging property and listed by the county assessor under any improved commercial subclass codes is temporarily reduced to 27.9% of an amount equal to the statutory actual value of the property minus the lesser of $30,000 or the amount that causes the valuation for assessment of the property to be $1,000; and (ii) the valuation for assessment of all nonresidential property other than lodging property, agricultural property, renewable energy production property and the nonresidential property specified in clause (i) is temporarily reduced to 27.9% of the statutory actual value of the property.

The assessment rate for all nonresidential property (other than producing mines and lands or leaseholds producing oil or gas) for property tax years 2025 and thereafter is 29% of the statutory actual value of the property.

Producing Mines and Lands or Leaseholds Producing Oil or Gas

The ratios of valuation for the assessment of producing mines and lands or leaseholds producing oil or gas as stated above have not been changed by SB 21-293, SB 22-238 or SB 23B-001.

Any future increase in the ratio of valuation for assessment for any class of property would require prior Statewide voter approval as discussed in "TABOR" in this section.

Protests, Appeals, Abatements and Refunds. Property owners are notified of the valuation of their land or improvements, or taxable personal property and certain other information related to the amount of property taxes levied, in accordance with certain statutory deadlines. Property owners are given the opportunity to object to increases in the actual value of such property, and may petition for a hearing thereon before the county's board of equalization. Upon the conclusion of such hearings, the county assessor is required to complete the assessment roll of all taxable property and, no later than August 25th each year, prepare an abstract of assessment therefrom. The abstract of assessment and certain other required information is reviewed by the State Property Tax Administrator prior to October 15th of each year and, if necessary, the State Board of Equalization may order the county assessor to correct assessments. The valuation of property is subject to further review during various stages of the assessment process at the request of the property owner, by the State Board of Assessment Appeals, the State courts or by arbitrators appointed by the applicable Board of County Commissioners. On the report of an erroneous assessment, an abatement or refund must be authorized by the Board of County Commissioners; however, in no case will an abatement or refund of taxes be made unless a petition for abatement or refund is filed within two years after January 1st of the year in which the taxes were levied. Refunds or abatements of taxes are prorated among all taxing entities that levied a tax against the property.

Statewide Review. The General Assembly is required to cause a valuation for assessment study to be conducted each year in order to ascertain whether county assessors Statewide have complied with constitutional and statutory provisions in determining statutory actual values and assessed valuations for that year. The final study, including findings and conclusions, must be submitted to the General Assembly and the State Board of Equalization by September 15th of the year in which the study is conducted. Subsequently, the State Board of Equalization may order a county to conduct reappraisals and revaluations during the following property tax levy year. A school district's assessed valuation may be subject to modification following any such annual assessment study.

Homestead Exemption. The State Constitution provides to qualified senior citizens and qualified disabled veterans a property tax exemption equal to 50% of the first $200,000 of the actual value of owner-occupied residential real property. In order to qualify for the senior citizen exemption, the owner or his or her spouse must be at least 65 years of age and have occupied the residence for at least ten years, and in order to qualify for the disabled veteran exemption, the veteran must be rated 100% permanently disabled by the federal government. The State is required to reimburse all local governments for the reduction in property tax revenue resulting from this exemption, and therefore the exemption does not result in a loss of revenue to school districts.

Taxation Procedure. The county assessor is required to certify to the school district the assessed valuation of property within the school district no later than August 25th of each year, which amount is subject to adjustment until December 10th of such year (except that for the 2023 property tax year this date was postponed to January 3, 2024, per SB 23B-001). Subject to the limitations of the State Constitution, based upon the valuation certified by the county assessor, the school district's Board of Education computes a rate of levy that, when levied upon every dollar of the valuation for assessment of taxable property within the school district, and together with other legally available school district revenues, will raise the amount required by the school district in its upcoming Fiscal Year. The school district subsequently certifies to the applicable county or counties the rate of levy sufficient to produce the needed funds. Such certification must be made no later than December 15th of the property tax levy year (except that for the 2023 property tax year this date was postponed to January 10, 2024, per SB 23B-001) for collection of taxes in the ensuing year.

The Board of County Commissioners is required to certify to the county assessor the levy for all taxing entities within the county by December 22nd of each year (except that for the 2023 property tax year this date was postponed to January 17, 2024, per SB 23B-001). If such certification is not made, it is the duty of the county assessor to extend the levies of the previous year. Further revisions to the assessed valuation of property may occur prior to the final step in the taxing procedure, which is the delivery by the county assessor of the tax list and warrant to the county treasurer.

Property Tax Collections. Property taxes levied in one year are collected in the succeeding year. Thus, taxes levied in 2023 will be collected in 2024. Taxes are due on January 1st in the year of collection; however, they may be paid in either a single payment (not later than the last day of April) or in two equal installments (not later than the last day of February and June 15th) without interest or penalty, except that per SB 23B-001, for the 2023 property tax year, delinquent interest will not accrue if payment of the first installment is made after the last day of February but not later than ten days after the mailing by the County Treasurer of the tax statement or true and actual notification of an electronic statement pursuant to Section 39-10-103(1), C.R.S. Interest accrues on unpaid first installments at the rate of 1% per month from March 1st until the date of payment unless the whole amount is paid by April 30th; and if the second installment is not paid by June 15th, the unpaid installment will bear interest at the rate of 1% per month from June 16th until the date of payment, although notwithstanding the foregoing, if the full amount of taxes is to be paid in a single payment after the last day of April and is not so paid, the unpaid taxes will bear penalty interest at the rate of 1% per month accruing from the first day of May until the date of payment. The county treasurer collects current and delinquent property taxes, as well as any interest or penalty, and after deducting a statutory fee for such collection, remits the balance to the school district on a monthly basis, with an additional mid-month payment in March, May and June.

All taxes levied on property, together with interest thereon and penalties for default, and other costs of collection with respect to such taxes as have become delinquent, constitute a perpetual lien on and against the property taxed from January 1st of the property tax levy year until paid. Once a tax lien attaches, it has priority over all other liens, even those created prior in time (except for certain federal liens) such as a deed of trust or mortgage on the property. Thus, while a foreclosure will extinguish liens junior to the lien being foreclosed, it will not extinguish an existing tax lien. The lien would have to be paid as part of the foreclosure process in order to obtain clear title to the property. It is the county treasurer's duty to enforce the collection of delinquent real property taxes by tax sale of the tax lien on such realty, but no lien can be filed or other collection procedures begun more than six years after the date the taxes become due. Delinquent personal property taxes are enforceable by court action, employment of a collection agency or distraint, seizure and sale of the property. Tax sales of tax liens on realty are held on or before the second Monday in December of the collection year, preceded by a notice of delinquency to the taxpayer and a minimum of four weeks of public notice of the impending public sale. The county treasurer will issue a certificate of purchase to the successful bidder at the sale, but a deed on the property cannot be issued until at least three years after the sale. Sales of personal property may be held at any time after October 1st of the collection year following notice of delinquency and public notice of sale.

Tax liens may not be sold for less than the aggregate amount of all due taxes, delinquent interest and fees. If no bid to settle the full value of the tax lien is offered, the county treasurer removes the property from the tax rolls and strikes off the tax lien to the county until the county sells the lien or it is redeemed by the original tax debtor. When any real property has been stricken off to the county and there has been no subsequent purchase, the taxes on such property may be determined to be uncollectible after a period of six years from the date of becoming delinquent and they may be canceled by the county after that time. Therefore, to the extent that a tax lien is not successfully sold at an auction or the county cancels the uncollectible taxes, the proceeds of tax liens sold may not necessarily be sufficient to produce the amount required with respect to property taxes levied by the school district and property taxes levied by overlapping taxing authorities, as well as any interest or costs due thereon.

Property Tax Deferral Program. Article 3.5 of Title 39, C.R.S., provides for the deferral of payment of real property taxes under certain circumstances by a person who is either 65 years of age or older or who is called into military service on January 1 of the year in which the person files a claim with the State Treasurer. SB 21-293 expanded this program, beginning January 1, 2023, to allow a person who is not otherwise eligible for deferral under this statute to elect to defer the payment of the portion of real property taxes that exceed the person's tax-growth cap, being an amount equal to the average of the person's real property taxes paid for the preceding two property tax years for the same homestead, increased by 4.6%. The total taxes that a taxpayer may defer under this authorization is $10,000, and the taxpayer is treated like a person called into military service for purposes of the equity the person must have in the homestead to qualify for deferral and surviving-spouse eligibility. See "*Homestead Exemption*" in this section. The deferred amount constitutes a loan to the taxpayer by the State Treasurer, which amount is payable by the State Treasurer to the county treasurer in which the taxpayer's homestead property is located. The total amount paid by the State Treasurer is to be distributed by the county treasurer in the same manner the tax would have been if regularly paid. Repayment of the loaned amount, including interest thereon, is to be made by the taxpayer at the time and under the circumstances set forth in the statute.

State Revenue Reimbursement and Backfill Provisions

State Revenue Reimbursement and Backfill Provisions. SB 22-238 and SB 23B-001 require the State Treasurer to reimburse local governmental entities, other than school districts, for all or part of any property tax revenue lost as a result of the reductions in property valuation made by such acts for the 2023 property tax year (2024 tax collection year). The reimbursements, if any, are to be calculated by each county assessor in accordance with the criteria set forth in such acts, which amounts are payable by the State Treasure to the counties by April 15, 2024, for distribution to the local governmental entities entitled thereto as if such amounts had been regularly paid as property tax. The impact on school districts resulting from the changes made in SB 22-238 and SB 23B-001 are addressed in such acts by requiring transfers of certain amounts by the State Treasurer to the State Public School Fund and the State Public Education Fund.

The reimbursements provided by SB 22-238 are required to be made by the State Treasurer in the amount of the lesser of $240 million or the amount of reimbursements that can be paid from amounts in excess of the Excess State Revenues Cap, or "ESRC," discussed in "STATE FINANCIAL INFORMATION – TABOR – *Fiscal Year Revenue and Spending Limits; Referendum C*" ("Additional State Revenues"), as a refund of Fiscal Year 2022-23 excess State revenues that are not being refunded through specified existing refund mechanisms, and the balance of such reimbursement is to be paid from the General Fund. SB 22-238 also requires the State Treasurer to transfer $200 million from the General Fund to the State Public School Fund to offset school district property tax revenue reductions. The reimbursements provided by SB 22B-001 are required to be made by the State Treasurer from the General Fund in an aggregate amount up to $54 million; provided, however, that if total reimbursements issued Statewide pursuant to SB 23B-001 would otherwise exceed $54 million, reimbursements are to be made to local governmental entities in a specified order of priority, with the last priority being subject to proportional reductions, so that the total of each reimbursement Statewide equals $54 million. In addition, in order to insulate school districts for the total property tax revenue reduction and increased State share of the Statewide Total Program as a result of the changes made in SB 23B-001, exclusive of any changes made in SB 22-238, the State Treasurer is to transfer $146 million to the State Education Fund.

TABOR

Article X, Section 20 of the State Constitution limits the ability of the State and its local governments, such as school districts, to increase revenues, debt and spending and restricts property, income and other taxes. Generally, TABOR limits most percentage increases in spending and property tax revenues to the prior year's amounts, adjusted for inflation, local growth and voter approved changes. Local growth for school districts is defined as the percentage change in student enrollment. 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 as an offset. TABOR also requires that school districts obtain voter approval for certain tax or tax rate increases and to create any "multiple fiscal year direct or indirect ... debt or other financial obligation," except for refinancing debt at a lower interest rate or adding new employees to existing pension plans. Voter approval under TABOR is not required for the issuance of the District Notes as they are both issued and payable within the same Fiscal Year and as such do not constitute a "multiple fiscal year direct or indirect ... debt or other financial obligation" within the meaning of TABOR. TABOR also requires school districts to establish and maintain an emergency reserve equal to 3% of fiscal year spending (as defined in TABOR) excluding bonded debt service.

Many of the provisions of TABOR are ambiguous. Several lawsuits have been filed regarding TABOR, and some of its provisions have been judicially interpreted. Future litigation regarding TABOR could raise questions that bear upon the operations and financial condition of school districts. See also "STATE FINANCIAL INFORMATION – TABOR."

Budgets

School districts are required by State law to annually formulate a budget and to hold a public hearing thereon prior to the determination of the amounts to be financed in whole or in part by ad valorem property taxes, funds on hand or estimated revenues from other sources.

No later than 30 days prior to the beginning of each Fiscal Year, the administrators of the school district are required to present the proposed budget to the Board of Education. After conducting a public hearing on the budget proposals, at which time any person paying school taxes in the school district has an opportunity to be heard, the Board of Education is required to adopt a budget for the succeeding Fiscal Year by resolution specifying the amount of money appropriated to each fund. By December 15th the Board of Education is to certify to the applicable board of county commissioners the amounts necessary to be raised from levies against the assessed valuation of all taxable property located within the school district to defray expenditures therefrom during the next ensuing Fiscal Year. The Board of Education may not expend moneys in excess of the amount appropriated by resolution for a particular fund.

The annual budget for all expenditures and estimated revenues prepared by the Board of Education becomes the financial operating plan for the school district after adoption by the Board of Education. The budget may be revised from time to time after following steps required by Board of Education policy and State law.

Financial Statements

An annual audit of the school district's financial affairs is required by State law to be submitted to the Board of Education within five months after the close of the Fiscal Year and filed with the State Auditor and the State Commissioner of Education within 30 days after receipt thereof by the school district. Failure to file an audit report may result in the withholding of moneys of the school district by the applicable county treasurers until the audit report is filed with the State Auditor.

Due to the number of Participating Districts, the audited financial statements of the Participating Districts are not presented in this Official Statement; however, such financial statements are available upon request as provided in "INTRODUCTION – Additional Information" and "MISCELLANEOUS."

Summary Financial Information Regarding the Participating Districts

The following table sets forth certain financial information concerning the Participating Districts. The Participating District expected to borrow the largest percentage of available proceeds of the Series 2023A Notes and the Series 2023B Notes is described is described further in "Largest Borrower" following the table.

Participating District Financial Information

(Totals may not add due to rounding)

NOTICE: SB 23B-001 postponed the date by which county assessors are required to certify the final assessed valuations of the Participating Districts for the 2023 property tax year (2024 tax collection year) as described herein, which has resulted in the final assessed valuations of some Participating Districts being unavailable for use in the preparation of this table. Consequently, the estimated 2023 assessed valuations, estimated 2024 tax collections, estimated amounts to be borrowed by the Participating Districts from the proceeds of the Series 2023B Notes and related percentages set forth in this table are instead based on information provided by the Colorado Department of Education using estimates of the final assessed valuations of the Participating Districts made by the Colorado Legislative Council following the enactment of SB 23B-001 based upon information provided by the applicable county assessors and other factors. Prospective investors are cautioned that material differences could occur between the amounts shown in this table and such final amounts. See "Ad Valorem Property Tax Procedure" in this section, as well as the preliminary notice in this Official Statement regarding forward-looking statements.

	Estimated Amount of Program Loans[1]						Fiscal Year 2023-24 Tax Information				Fiscal Year 2022-23 Loan Program Information[5]	
Participating District	Series 2023A Notes	% of Total	Series 2023B Notes	% of Total	Total Amount Borrowed	% of Total	Estimated 2023 Assessed Valuation (000's)[2]	Estimated 2024 Tax Collections[3]	Ratio of Amount Borrowed to Estimated 2024 Tax Collections	3 Year Average[4]	Amount Borrowed	Repayment Date (2023)
Denver School District 1	$324,185,040	64.8%	$310,466,603	48.1%	$ 634,651,643	55.4%	$25,137,450	$903,986,574	70.2%	98.3%	$490,000,000	May 11
Boulder Valley School District RE-2	21,089,616	4.2	61,180,251	9.5	82,269,867	7.2	9,510,566	344,758,527	23.9	99.2	50,452,828	March 13
Aurora School District (Arapahoe 28J)	12,134,039	2.4	46,680,857	7.2	58,814,896	5.1	5,342,606	232,785,852	25.3	99.3	N/A	N/A
Douglas County RE-1	11,213,832	2.2	38,086,113	5.9	49,299,945	4.3	10,384,537	395,817,343	12.5	97.0	4,182,493	March 13
Cherry Creek (Arapahoe 5)	4,652,969	0.9	41,022,928	6.4	45,675,897	4.0	8,846,788	320,357,970	14.3	98.8	53,903,904	March 13
Windsor (Weld RE-4)	10,227,987	2.0	24,897,566	3.9	35,125,553	3.1	2,333,600	70,867,885	49.6	94.7	10,700,507	May 11
Thompson (Larimer R2-J)	23,872,886	4.8	6,313,143	1.0	30,186,029	2.6	3,292,839	110,631,114	27.3	100.2	12,555,517	March 13
Littleton (Arapahoe 6)	18,988,411	3.8	10,302,728	1.6	29,291,139	2.6	2,456,584	106,096,171	27.6	99.8	N/A	N/A
Eagle County RE-50	9,763,820	2.0	16,609,698	2.6	26,373,518	2.3	4,580,668	67,955,522	38.8	98.6	12,581,005	March 13
Poudre (Larimer R-1)[6]	--	0.0	26,116,941	4.0	26,116,941	2.3	4,877,279	176,371,683	14.8	98.5	N/A	N/A
Mapleton (Adams 1)	8,217,799	1.6	11,153,835	1.7	19,371,634	1.7	1,205,090	44,642,738	43.4	99.9	17,777,735	May 11
Summit County RE-1	12,433,779	2.5	5,739,505	0.9	18,173,284	1.6	3,417,193	38,304,199	47.4	99.7	5,000,000	March 27
Johnstown-Milliken (Weld RE-5J)	6,042,353	1.2	9,273,957	1.4	15,316,310	1.3	1,329,314	31,878,054	48.0	99.9	N/A	N/A
Aspen School District RE-1	8,402,980	1.7	5,360,980	0.8	13,763,960	1.2	5,357,494	25,886,698	53.2	99.9	10,617,246	June 1
Englewood (Arapahoe 1)	6,568,550	1.3	5,556,697	0.9	12,125,247	1.1	830,322	28,329,745	42.8	98.3	6,177,396	March 13
Gilcrest (Weld RE-1)	3,455,204	0.7	7,368,015	1.1	10,823,219	0.9	1,692,328	19,677,742	55.0	101.7	559,278	May 25
Lake County (Leadville)	4,922,682	1.0	2,046,382	0.3	6,969,064	0.6	363,286	9,471,394	73.6	92.7	3,492,038	May 11
Adams 14[6]	--	--	6,617,197	1.0	6,617,197	0.6	1,241,675	26,717,790	24.8	96.0	N/A	N/A
East Grand School District	3,736,289	0.7	514,322	0.1	4,250,611	0.4	1,273,245	12,906,719	32.9	98.9	N/A	N/A
Bennett 29J[6]	--	--	4,219,547	0.7	4,219,547	0.4	516,471	11,900,361	35.5	97.7	N/A	N/A
Estes Park (Larimer R-3)	2,086,694	0.4	1,564,248	0.2	3,650,942	0.3	623,052	12,671,719	28.8	99.9	3,404,000	March 13
Fort Lupton (Weld RE-8)	3,195,116	0.6	192,410	--	3,387,526	0.3	1,739,799	23,178,298	14.6	98.0	N/A	N/A
Elizabeth School District	3,013,967	0.6	106,505	--	3,120,472	0.3	366,503	10,736,876	29.1	99.4	2,421,152	March 13
Telluride (San Miguel R-1)	1,821,748	0.4	1,149,507	0.2	2,971,255	0.3	1,209,781	10,649,653	27.9	98.5	N/A	N/A
Salida[6]	--	--	1,205,841	0.2	1,205,841	0.1	460,946	9,435,468	12.8	98.0	N/A	N/A
Keenesburg (Weld RE-3J)	--	--	1,104,795	0.2	1,104,795	0.1	2,453,511	30,037,753	3.7	99.6	N/A	N/A
Fairplay (Park RE-2)	115,440	--	413,869	0.1	529,309	--	617,487	5,954,849	8.9	99.9	N/A	N/A
Miami-Yoder 60 JT[6]	--	--	18,991	--	18,991	--	41,224	776,205	2.4	N/A	N/A	N/A
	$500,141,201	100.0%	$645,283,431	100.0%	$1,145,424,632	100.0%						

[1] These are estimates based upon information furnished by the Participating Districts regarding the amounts that they initially expected to borrow from the proceeds of the Series 2023A Notes and the Series 2023B Notes. Such amounts do not necessarily constitute the actual amounts that have been or will be borrowed from the Fiscal Year 2023-24 Loan Program by such Participating Districts. See "THE LOAN PROGRAM; APPLICATION OF PROCEEDS OF THE SERIES 2023B NOTES." The Owners of the Series 2023A Notes and the Series 2023B Notes will have a lien upon the Taxes of these Participating Districts, as well as on the Taxes of any Participating Districts that have not yet expressed the intent to participate in the Fiscal Year 2023-24 Loan Program (and thus are not included in the table) but eventually do participate in the Fiscal Year 2023-24 Loan Program. Such lien also will be on parity with the lien thereon of the Owners of any additional Parity Lien Notes. See "THE SERIES 2023B NOTES – Parity Lien Notes." See also the notice preceding the table.

[2] See the notice preceding the table, as well as "Ad Valorem Property Tax Procedure" in this section and the preliminary notice in this Official Statement regarding forward-looking statements.

[3] This amount was calculated for each Participating District by multiplying the 2023 assessed valuation of the Participating District by the Participating District's estimated 2023 general fund mill levy; and assumes collections of 100% of Taxes collected by all Participating Districts normally during the months of March through June of 2024. Mill levies for 2024 tax collections are required to be certified by the Participating Districts no later than January 10, 2024. The estimated mill levies used to calculate the estimated Taxes collected during Fiscal Year 2023-24 are based upon information provided by the Participating Districts and are subject to change. However, because Colorado school district taxes are determined pursuant to the Public School Finance Act, such changes, if any, are not expected to be material. See "State Equalization Funding of School Districts – Allocation of Total Program Funding" in this section and "INVESTMENT CONSIDERATIONS – Repayment of Program Loans." See also the notice preceding the table.

[4] Based on each Participating District's actual tax collection data for Fiscal Years 2020-21, 2021-22 and 2022-23.

[5] State Treasurer's actual borrowing and repayment data.

[6] These school districts did not originally anticipate participating in the Fiscal Year 2023-24 Loan Program but subsequently borrowed a portion of the proceeds of the Series 2023A Note proceeds and are also expected to borrow a portion of the Series 2023B Note proceeds.

Sources: The Participating Districts, the Colorado Department of Education and the State Treasurer's Office

Largest Borrower

As shown in the preceding table, the only Participating District that is expected to borrow in excess of 20% of the proceeds of the Series 2023A Notes and the Series 2023B Notes is Denver County School District No. 1, commonly known as Denver Public Schools ("DPS").

DPS is the only school district serving the City and County of Denver, the boundaries of which are coterminous with those of the City, encompassing approximately 155 square miles with an estimated population of approximately 749,000. The district's full time equivalent pupil count (October 1 pupil count), including charter schools but excluding on-line and ASCENT pupils, for the past five years are set forth in the following table. See also "State Equalization Funding of School Districts – *Total Program Funding Formula*" in this section.

School Year	Pupil Count
2018-19	87,318.2
2019-20	86,853.0
2020-21	89,785.1
2021-22	87,100.5
2022-23	88,331.4

The 2022 certified assessed valuation of DPS (for ad valorem property tax collections in 2023), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, was approximately $21.8 billion. The district's total tax levy for the 2022 levy year (2023 tax collection year) was 51.579 mills, of which 27.000 mills was for the district's local share of Total Program funding pursuant to the Public School Finance Act, 11.208 mills was for voter-approved override revenues, 2.345 mills was for debt-free schools, 9.843 mills was for debt service on general obligation bonds and 1.183 mills was to recover lost revenue due to prior year tax abatements and credits. The 2023 certified assessed valuation of DPS (for ad valorem property tax collections in 2024), net of the assessed valuation attributable to tax increment financing districts from which the district derives no property tax revenue, is approximately $25.2 billion. The district's total tax levy for the 2023 levy year (2024 tax collection year) is 50.711 mills, of which 27.000 mills is for the district's local share of Total Program funding pursuant to the Public School Finance Act, 10.270 mills is for voter-approved override revenues, 3.173 mills is for debt-free schools, 9.843 mills is for debt service on general obligation bonds and 0.425 mills is to recover lost revenue due to prior year tax abatements and credits.

Major Taxpayers

Taxes consist of only those revenues that are received by the Participating Districts during the period of March through June of 2024. Typically, taxing entities do not collect 100% of the taxes levied each year; however, the property tax collection rate among the Participating Districts historically has been very high as shown in the previous table.

Receipt of Taxes by the Participating Districts requires timely payment of ad valorem property taxes by property owners. Participating Districts having one or more large taxpayers are particularly dependent upon the timely payment of property taxes by such taxpayers. Taxpayers owning more than 10% of the property comprising the certified assessed valuation of a Participating District typically are public or private companies involved in the mining or drilling industries or in the production of power. Property tax payments by such taxpayers could be impacted not only by each taxpayer's individual financial condition but also by events that negatively impact the energy production industry as a whole. It is not possible to predict whether any such events will occur that will have a material impact upon the repayment of the Program Loans.

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 5.8 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 C – STATE OF COLORADO ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022" and "APPENDIX D – 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. However, due to concerns regarding the spread of the coronavirus disease 2019 ("COVID-19"), the General Assembly suspended the 2020 legislative session from March 16, 2020, through May 25, 2020. Special sessions may be convened by proclamation of the Governor or by written request of two-thirds of the members of each house of the General Assembly to consider only those subjects for which the special session is requested.

STATE FINANCIAL INFORMATION

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 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 A – 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.

TABOR

General. As discussed in "SOURCE OF PAYMENT OF PROGRAM LOANS – TABOR," 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 OSPB December 2023 Revenue Forecast states that the TABOR Reserve requirement for Fiscal Year 2022-23 was $499.7 million (preliminary), and forecasts that the TABOR Reserve requirement for Fiscal Years 2023-24 and 2024-25 will be $543.2 million and $574.7 million, respectively.

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

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

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

As a result of Referendum C, the State was able to retain various amounts in excess of the previously applicable TABOR limit in Fiscal Years 2005-06 through 2013-14, and no refunds were required because such revenues were below the applicable ESRC. Since that time, TABOR revenues have exceeded the applicable ESRC in each of Fiscal Years 2014-15, 2017-18, 2018-19, 2020-21, 2021-22 and 2022-23, triggering TABOR refunds of $169.7 million, $18.5 million, $428.3 million, $3,728.9 million and $3,683.1 (preliminary), respectively. The OSPB December 2023 Revenue Forecast estimates that TABOR revenues will exceed the applicable ESRC in each of Fiscal Years 2023-24, 2024-25 and 2025-26, which will trigger TABOR refunds of $1,651.3 million, $1,280.4 million and $1,413.0 million, respectively. See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview."

Current law specifies the following mechanisms by which revenue in excess of the ESRC is to be refunded to taxpayers: (i) the senior homestead and disabled veterans property tax exemptions, and (ii) a sales tax refund to all taxpayers, although with respect to the State's Fiscal Year 2022-23 TABOR surplus (to be refunded in Fiscal Year 2023-24), refunds may include certain backfill amounts required to be paid by the State to county treasurers for the reductions in property tax revenue in the 2023 property tax year (2024 property tax collection year) resulting from SB 22-238 as discussed in "SOURCE OF PAYMENT OF PROGRAM LOANS – Ad Valorem Property Tax Procedure – State Revenue Reimbursement and Backfill Provisions." The size of the TABOR refund determines which refund mechanisms are used. Other refund mechanisms have been available in prior years, such as a temporary State income tax reduction, but are no longer authorized. See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview."

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

Voter Approval to Retain and Spend Certain Marijuana Taxes Associated with Proposition AA. At the general election held on November 3, 2015, the State's voters authorized the State to retain and spend $66.1 million in sales and excise taxes on the sale of marijuana and marijuana products ("Marijuana Taxes") authorized by Proposition AA approved by the State's voters in November of 2013 that otherwise would have been subject to a required refund to taxpayers in Fiscal Year 2015-16 pursuant to TABOR. HB 15-1367, which referred the measure to the State's voters as Proposition BB, also provides for the allocation of the retained amount for public school capital construction, for various purposes such as law enforcement, youth programs and marijuana education and prevention programs and for use by the General Fund for any purpose. For more information on how these amounts are treated in the General Fund, see the discussion in "General Fund and State Education Fund Budget" in the OSPB December 2023 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 Series 2023B Notes. Voter approval under TABOR is not required for the issuance of the Series 2023B Notes as they are both issued and payable within the same Fiscal Year and as such do not constitute a "multiple fiscal year direct or indirect ... debt or other financial obligation" within the meaning of TABOR. Further, the revenue and spending limits of TABOR are not expected to affect the ability of the State to collect and spend the Pledged Revenues for the payment of the principal of and interest on the Series 2023A Notes, the Series 2023B Notes and any additional Parity Lien Notes.

State Funds

The General Fund. 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 General Fund is discussed in detail in "APPENDIX A – THE STATE GENERAL FUND."

Other Funds. The State also maintains a large number of statutorily created special funds for which specific revenues are designated for specific purposes. Some of these special funds are considered Borrowable Resources available to pay the principal of and interest on the Series 2023B Notes and on education loan anticipation notes issued by the State. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS – Borrowable Resources" and "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – Note Issues of the State."

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, as described below. In January, the Governor makes additional budget recommendations to the Joint Budget Committee for the budget of all branches of the State government, except that the elected executive officials, the judicial branch and the legislative branch may also make recommendations to the Joint Budget Committee for their own budgets.

Phase II (Legislative). The Joint Budget Committee, 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 Joint Budget Committee marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes: (i) General Fund appropriations, supported by general purpose revenue such as taxes; (ii) General Fund Exempt appropriations primarily funded by TABOR-exempt or excess TABOR revenues retained under Referendum C; (iii) cash fund appropriations supported primarily by grants, transfers and departmental charges for services; (iv) reappropriated amounts funded by transfers and earnings appropriated elsewhere in the Long Bill; and (v) estimates of federal funds to be expended that are not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the Joint Budget Committee generally is designated as a conference committee to reconcile differences. The Long Bill has always 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 acts 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 2015-16 through 2021-22. See also "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview."

State of Colorado
Unappropriated Reserve Requirement

Fiscal Years	Unappropriated Reserve Requirement[1,2,3,4]
2016-17	6.00%
2017-18	6.50
2018-19	7.25
2019-20	3.07
2020-21	2.86
2021-22	13.40
2022-23	15.00
2023-24 and thereafter	15.00

[1] The Unappropriated Reserve requirement, which is codified as Section 24-75-201.1(1)(d), C.R.S., is a percentage of the amount appropriated for expenditure from the General Fund in the applicable Fiscal Year. Per HB 16-1419 and SB 16-218, for Fiscal Year 2015-16 only, the percentage is of the amount subject to the appropriations limit minus the amount of income tax revenue required by to be diverted to a reserve fund to fund severance tax refunds resulting from the ruling of the Colorado Supreme Court on April 25, 2016, in *BP America Production Company v. Colorado Department of Revenue*. See "General Fund Overview" table in "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview," and the section of the OSPB December 2023 Revenue Forecast captioned "CASH FUND REVENUE FORECAST – Severance Tax Revenue."

[2] Per SB 15-251, in Fiscal Years 2016-17 and 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% for Fiscal Year 2018-19. The legislation also removed the exemption of General Fund appropriations for lease purchase agreement payments made in connection with certificates of participation from the reserve calculation requirements.

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

Source: State Treasurer's Office

The OSPB December 2023 Revenue Forecast states that the State ended Fiscal Year 2022-23 with reserves of $431.5 million (preliminary) above the 15% Unappropriated Reserve requirement for that Fiscal Year, and forecasts that the State will end Fiscal Years 2023-24 and 2024-25 with reserves of $166.9 million and $36.8 million above the 15.0% Unappropriated Reserve requirement for both such Fiscal Years. These figures are based on revenue and budget information available when the OSPB December 2023 Revenue Forecast was completed, and as such are subject to change in subsequent OSPB revenue forecasts based on new information on revenue and expenditures.

See also generally "APPENDIX A – THE STATE GENERAL FUND – General Fund Overview – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB DECEMBER 2023 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 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 "TABOR" above for a discussion of fiscal year spending and revenue 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 the TABOR Reserve. See "TABOR" 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 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 an Annual Comprehensive Financial Report, or "ACFR" (formerly entitled Comprehensive Annual Financial Report) in accordance with generally accepted accounting principles ("GAAP") applicable to governmental entities, with certain statutory exceptions for budget compliance and reporting. The State's ACFR for Fiscal Year 2021-22 (the "State Fiscal Year 2021-22 ACFR") is appended to this Official Statement and includes the most current audited annual financial statements for the State. Unaudited basic financial statements for the State, as required by Section 24-30-204, C.R.S., for Fiscal Year 2022-23 (the "Fiscal Year 2022-23 Unaudited BFS") are also appended to this Official Statement. The State believes that there will not be any material adverse change in the financial condition of the State with the release of the Fiscal Year 2022-23 ACFR, currently scheduled for January 2024.

Basis of Accounting

For a detailed description of the State's basis of accounting, see Note 1 to the audited financial statements included in both the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited 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, charges for services and receipts from the federal government. The General Fund as defined in the financial statements includes revenues and expenditures for certain special cash receipts that are related to fees, permits and other charges rather than to the general taxing power of the State. See also "APPENDIX A – 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 commencing July 1, 2021, and expiring on June 30, 2026. The Legislative Audit Committee is comprised of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State Fiscal Year 2021-22 ACFR, including the State Auditor's Opinion thereon, is appended to this Official Statement. The Office of the State Auditor, being the State's independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein any procedures on the financial statements presented in the State Fiscal Year 2021-22 ACFR, nor has the State Auditor performed any procedures relating to the State Fiscal Year 2022-23 Unaudited BFS or this Official Statement.

Investment and Deposit of State Funds

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

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

See also Notes 3 and 4 to the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement and "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS

General

On the Closing Date, the State Treasurer is required to deposit to the Interest Subaccount of the ETRANS 2023-24 Repayment Account, from Current General Fund Revenues then available, an amount equal to the interest to accrue on the Series 2023B Notes from the Closing Date to the Series 2023B Notes Maturity Date. See "The State General Fund" below and "APPENDIX A – THE STATE GENERAL FUND."

The State Resolution also requires the State Treasurer to credit to the Principal Subaccount of the ETRANS 2023-24 Repayment Account all amounts received from the Participating Districts on or before June 25, 2024, in repayment of their Program Loans. However, if on June 25, 2024, the amount credited to the Principal Subaccount of the ETRANS 2023-24 Repayment Account is less than the principal amount of the Series 2023B Notes, the Series 2023B Notes and any additional Parity Lien Notes, the State Resolution requires the State Treasurer to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Resolution further provides that the State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. See "THE SERIES 2023B NOTES – Security and Sources of Payment – *The ETRANS 2023-24 Repayment Account*."

The ability of the State Treasurer to use Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2023-24, which is not currently planned. See "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds" and "APPENDIX A – THE STATE GENERAL FUND."

Certain State Funds Eligible for Investment in the District Notes

A deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account on June 25, 2024, is required to be funded by the State Treasurer first from all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. However, such covenant does not constitute a pledge of or lien on any such funds for that purpose, and there is no limit on the availability or use of such funds for any other purpose permitted or required by law. Further, the State Treasurer has both a statutory and a fiduciary obligation to use prudence and care in investing State funds. See "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

If it becomes necessary to make a deposit to the Principal Subaccount of the ETRANS 2023-24 Repayment Account in order to fund a deficiency therein, the State Resolution requires the State Treasurer to take such actions as may be necessary to identify and designate the District Notes as an investment of the State funds used to make such deposit, and the Owners of the Series 2023B Notes will have no right or claim to any amounts received by the State under the District Notes after June 25, 2024. See also "INVESTMENT CONSIDERATIONS – Liquidity Sources in the Event of a Default in the Repayment of Program Loans; Subordination of Certain State Funds," "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds" and "APPENDIX A – THE STATE GENERAL FUND."

By constitutional or statutory provision and judicial decision, certain State funds, including, without limitation, the State Education Fund, the Highway Users Tax Fund, the Public School Permanent Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources although moneys therein may be eligible for investment by the State Treasurer. The two State funds in this category with the largest current balances that are eligible for investment, and thus the State funds that are likely to be considered first by the State Treasurer as an available source of investment in the District Notes in order to provide liquidity in the Principal Subaccount of the ETRANS 2023-24 Repayment Account in the event of a deficiency therein, are the State Education Fund and the State Highway Fund. Prospective investors are cautioned, however, that these State funds are neither required to be utilized by the State Treasurer, nor pledged for such purpose. The making of such investment by the State Treasurer, and the determination of the State fund or funds, if any, to be used therefor, is in all cases subject to the application of the investment policies for the various State funds established by statute and the State Treasurer for such State funds and the exercise of the discretion and fiduciary obligation of the State Treasurer in the investment of State funds. Accordingly, no representation or warranty is made herein that the State Treasurer will in fact utilize amounts available in these State funds, if necessary, to provide liquidity to fund a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account. See also "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds."

The State Education Fund. The State Education Fund was established by Amendment 23. Amendment 23 also mandates that an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, is to be deposited into the State Education Fund, and that such funds are exempt from the revenue limitations of "TABOR." See "STATE FINANCIAL INFORMATION – TABOR." The General Assembly may appropriate moneys from the State Education Fund only to increase funding in preschool through 12th grade education or for purposes specifically provided in Amendment 23 as discussed in "SOURCE OF PAYMENT OF PROGRAM LOANS – State Equalization Funding – Amendment 23." The State Education Fund represents a shift of General Fund moneys to a restricted cash fund. Moneys in the State Education Fund may not be transferred to the General Fund, and consequently the State Education Fund is not a Borrowable Resource.

The following information has been provided by the State Treasurer's office to show the cash and short term investment balances in the State Education Fund at June 30 since Fiscal Year 2017-18.

State of Colorado
State Education Fund Actual and Projected Cash and Short Term Investment Balances
(Dollar amounts expressed in millions)

At June 30	Cash and Investment Balance
2018	$ 204.8
2019	176.0
2020	166.7
2021	553.7
2022	820.1
2023 (projected)	1,412.0
2024 (projected)	1,347.4

Source: State Treasurer's Office

The State Highway Fund. The State Highway Fund is established by Section 43-1-219, C.R.S. All receipts from the following sources are to be credited to the State Highway Fund: (i) such appropriations as may, from time to time, be made by law to the State Highway Fund from excise tax revenues; (ii) all revenues accruing to the State Highway Fund by law, by way of excise taxation from the imposition of any license, registration fee or other charge with respect to the operation of any motor vehicle upon any public highways in the State, and the proceeds from the imposition of any excise tax on gasoline or other liquid motor fuel; and (iii) certain receipts from the Limited Gaming Fund. Moneys in the State Highway Fund are to be expended for, among other things, the construction, reconstruction, repair, improvement, planning, supervision and maintenance of the State highway system and other public highways, including any county and municipal roads and highways, together with the acquisition of rights-of-way and access rights for the same; provided, however, that receipts from the Limited Gaming Fund are to be used solely for public roads and highways leading to and within a 50-mile radius of any limited gaming community (currently Black Hawk, Central City, Cripple Creek and any Indian lands where limited gaming is authorized). Moneys in the State Highway Fund may not be transferred to the General Fund, and consequently the State Highway Fund is not a Borrowable Resource.

The following information has been provided by the State Treasurer's office to show the cash balances in the State Highway Fund at June 30 since Fiscal Year 2017-18.

State of Colorado
State Highway Fund Actual and Projected Cash and Short Term Investment Balances
(Dollar amounts expressed in millions)

At June 30	Cash and Investment Balance
2018	$572.1
2019	770.2
2020	700.4
2021	792.6
2022	556.5
2023	456.4
2024 (projected)	367.8

Source: State Treasurer's Office

Borrowable Resources

Borrowable Resources consist of over 600 State funds and accounts other than the General Fund. By constitutional or statutory provision and judicial decision, certain State funds, such as the Public School Permanent Fund, the State Education Fund, the Highway Users Tax Fund and the TABOR Emergency Reserve Fund, are not Borrowable Resources. Borrowable Resources are considered to be moneys in the State pool, and as such are invested as described in "STATE FINANCIAL INFORMATION – Investment and Deposit of State Funds" and "APPENDIX A – THE STATE GENERAL FUND – Investment of the State Pool."

The ability of the State Treasurer to utilize Borrowable Resources to fund a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account will depend upon the availability of funds in the State Treasury that are eligible for investment in the District Notes, and is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2023-24, which is not currently planned. The availability of Borrowable Resources may also be affected by the State's statutory obligation to assure the timely payment of certain school district bonds and lease obligations pursuant to Section 22-41-110, C.R.S., commonly referred to as the "State Intercept Act."

The following tables set forth the actual and estimated Borrowable Resources for Fiscal Years. 2022-23 and 2023-2024. The estimates in the tables are based on various assumptions made by the State Treasurer's office, which are subject to uncertainties. Inevitably, some assumptions used to develop the forecasted amounts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasted amounts in the tables and the amounts ultimately realized, and such differences may be material. See also the preliminary notice in this Official Statement regarding forward-looking statements. See also "STATE FINANCIAL INFORMATION – Fiscal Controls and Financial Reporting."

State of Colorado
Actual Borrowable Resources
Fiscal Year 2022-23 [1,2]
(Amounts expressed in millions; totals may not add due to rounding)

	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	June 2023
Aviation Fund	$ 24.4	$ 24.9	$ 25.3	$ 24.3	$ 25.7	$ 25.4	$ 24.7	$ 26.0	$ 27.1	$ 26.0	$ 25.8	$ 26.3
Capital Construction Fund	11.5	12.1	11.9	11.2	10.4	9.9	8.6	6.9	6.0	7.3	4.6	4.7
College Scholarship Fund	9.9	10.7	3.8	3.8	9.7	38.2	37.7	25.4	9.6	10.3	10.1	7.0
Colorado Student Obligation Bond Authority – Administration	93.5	95.2	117.6	114.3	109.4	90.3	96.0	93.9	94.3	93.5	94.7	121.3
Hazardous Substance Fund	11.1	11.0	11.4	11.4	11.3	11.0	11.3	11.1	11.0	11.2	11.3	11.7
Higher Education Funds [3]	1,288.0	1,585.1	1,748.1	1,692.9	1,625.4	1,553.7	1,727.2	1,794.7	1,794.8	1,720.6	1,610.3	1,701.6
Hospital Provider Fee	72.0	21.3	22.7	30.5	37.5	44.2	55.6	68.9	67.8	77.7	87.1	23.0
Limited Gaming Fund	4.2	0.3	0.4	0.7	1.1	1.4	1.8	2.2	2.6	3.1	3.5	4.0
Lottery Fund	34.4	38.0	25.9	32.6	38.3	31.2	36.8	39.3	26.2	33.2	40.4	28.0
Mineral Impact Fund	90.6	100.0	61.8	74.6	84.8	72.3	80.6	90.0	82.2	95.3	106.3	81.7
School Capital Construction Assistance	546.0	628.3	612.2	602.5	630.4	649.2	666.6	759.4	706.4	710.6	761.5	770.5
State and Local Severance Tax Funds	194.0	193.2	181.8	188.6	176.1	187.2	190.4	194.0	201.2	212.6	220.2	218.5
State Public School Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tobacco Tax Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Water Conservation Construction Fund	448.0	457.5	526.3	518.0	506.7	534.5	521.2	503.5	526.3	562.2	576.1	593.8
Workers' Compensation Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Borrowable Resources	1,153.8	1,147.3	1,301.8	1,116.4	1,228.8	2,233.0	2,136.5	2,144.6	2,110.1	2,019.6	2,232.5	1,160.3
Total Borrowable Resources	**3,981.4**	**4,324.7**	**4,651.0**	**4,422.1**	**4,495.7**	**5,481.5**	**5,594.9**	**5,760.0**	**5,665.6**	**5,583.2**	**5,784.4**	**4,752.3**
Total General Fund	2,061.0	1,819.4	1,081.2	1,509.3	1,698.2	6.2	823.7	691.6	(654.2)	796.2	1,249.9	2,427.7
Less: Notes Issued and Outstanding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Borrowable Resources	**$6,042.4**	**$6,144.1**	**$5,732.2**	**$5,931.4**	**$6,193.9**	**$5,487.7**	**$6,418.7**	**$6,451.6**	**$5,011.4**	**$6,379.4**	**$7,034.3**	**$7,180.0**

[1] This table shows monthly balances for 16 individual funds plus over 600 other funds and accounts of the State constituting Borrowable Resources. Such funds do not represent State funds with the largest fund balances and are included in this table to be consistent with the Borrowable Resources disclosures provided by the State in the last several years.

[2] The information in this table is presented on a cash basis, and is not directly comparable to similar information included in the State's ACFRs, which is presented on the modified accrual and accrual basis.

[3] The amounts shown for Higher Education primarily represent cash balances in institutions of higher education other than certain institutions that have statutory authority to operate their own Treasury.

Source: State Treasurer's Office

State of Colorado
Actual and Estimated Borrowable Resources
Fiscal Year 2023-24 [1,2,3,4]

(Amounts expressed in millions; totals may not add due to rounding)

	Actual					Estimated						
	July 2023	**Aug 2023**	**Sept 2023**	**Oct 2023**	**Nov 2023**	**Dec 2023**	**Jan 2024**	**Feb 2024**	**Mar 2024**	**Apr 2024**	**May 2024**	**June 2024**
Aviation Fund	$ 29.3	$ 29.9	$ 30.4	$ 29.2	$ 30.8	$ 30.5	$ 29.6	$ 31.2	$ 32.6	$ 31.2	$ 30.9	$ 31.5
Capital Construction Fund	23.3	24.6	24.1	22.8	21.2	20.1	17.5	14.0	12.2	14.9	9.4	9.6
College Scholarship Fund	11.4	12.2	4.4	4.4	11.1	43.8	43.2	29.1	11.0	11.8	11.6	8.0
Colorado Student Obligation Bond Authority – Administration	96.0	97.7	120.7	117.4	112.3	92.6	98.5	96.4	96.8	96.0	97.3	124.5
Hazardous Substance Fund	15.0	14.9	15.4	15.4	15.2	14.9	15.2	15.0	14.9	15.1	15.2	15.7
Higher Education Funds [5]	985.6	1,212.9	1,337.7	1,295.5	1,243.8	1,188.9	1,321.7	1,373.3	1,373.4	1,316.7	1,232.3	1,302.1
Hospital Provider Fee	68.2	20.2	21.5	28.9	35.5	41.8	52.7	65.3	64.2	73.6	82.5	23.0
Limited Gaming Fund	5.3	0.3	0.5	0.9	1.4	1.8	2.3	2.8	3.3	3.9	4.4	5.1
Lottery Fund	36.7	40.5	27.6	34.8	40.9	33.2	39.3	41.9	27.9	35.4	43.0	29.8
Mineral Impact Fund	93.6	103.3	63.8	77.2	87.7	74.7	83.3	93.0	84.9	98.5	109.8	84.5
School Capital Construction Assistance	533.0	613.3	597.7	588.1	615.4	633.7	650.8	741.3	689.6	693.6	743.3	752.2
State and Local Severance Tax Funds	185.0	184.3	173.4	179.8	167.9	178.6	181.6	185.0	191.9	202.8	210.0	208.4
State Public School Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tobacco Tax Funds	23.2	25.0	21.1	24.3	25.5	22.7	25.3	26.3	22.8	25.0	25.7	1.6
Water Conservation Construction Fund	447.0	456.4	525.1	516.9	505.6	533.3	520.0	502.4	525.1	561.0	574.8	592.4
Workers' Compensation Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Borrowable Resources	1,350.3	1,342.7	1,523.5	1,306.6	1,438.1	2,233.0	2,136.5	2,144.6	2,110.1	2,019.6	2,232.5	1,160.3
Total Borrowable Resources	**3,902.9**	**4,178.2**	**4,486.9**	**4,242.1**	**4,352.4**	**5,143.7**	**5,217.4**	**5,361.6**	**5,260.6**	**5,198.9**	**5,422.9**	**4,348.7**
Total General Fund	1,091.5	862.8	211.0	705.9	921.7	(566.6)	446.3	398.4	(790.1)	445.6	961.5	2,392.2
Less: Notes Issued and Outstanding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Borrowable Resources	**$4,994.5**	**$5,041.0**	**$4,697.9**	**$4,948.1**	**$5,274.1**	**$4,577.1**	**$5,663.7**	**$5,760.0**	**$4,470.5**	**$5,644.6**	**$6,384.4**	**$6,740.9**

[1] This table shows monthly balances for 16 individual funds plus over 600 other funds and accounts of the State constituting Borrowable Resources. Such funds do not represent State funds with the largest fund balances and are included in this table to be consistent with the Borrowable Resources disclosures provided by the State in the last several years.

[2] The information in this table is presented on a cash basis estimate, and is not directly comparable to similar information to be included in the State's ACFR, which will be presented on the modified accrual and accrual basis.

[3] Amounts in this table include estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such estimates will be realized. See also the preliminary notice in this Official Statement regarding forward-looking statements.

[4] Information in this table is based upon current State law. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Ad Valorem Property Taxation Procedure – State Revenue Reimbursement and Backfill Provisions."

[5] The amounts shown for Higher Education primarily represent cash balances in institutions of higher education other than certain institutions that have statutory authority to operate their own Treasury.

Source: State Treasurer's Office

The State General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. As required by changes in GAAP, the General Fund reported in the State Fiscal Year 2010-11 ACFR and subsequent ACFRs, as well as the State Fiscal Year 2022-23 Unaudited BFS, includes a large number of statutorily created special State funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the ACFR and Unaudited BFS refer 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 Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS as the General Purpose Revenue Fund.

It is presently anticipated that a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account would be funded from Current General Fund Revenues eligible for investment in the District Notes only after all other sources of funding therefor have been utilized. In addition, the right of the State Treasurer to use Current General Fund Revenues for this purpose is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2023-24, which is not currently planned. See "APPENDIX A – THE STATE GENERAL FUND" for a discussion of the General Fund.

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State, State Departments and Agencies

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. The State currently has, and upon issuance of the Series 2023B Notes will have, no outstanding general obligation debt.

The State is authorized to and has entered into lease-purchase agreements in connection with various public projects, some of which have been financed by the sale of certificates of participation in the revenues of the related lease-purchase agreements. The obligations of the State to make lease payments under such agreements each Fiscal Year are contingent upon annual appropriations by the General Assembly. See Notes 11 and 12 to the State Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement for a discussion of the outstanding lease-purchase agreements entered into by the State as of June 30, 2023, as well as the aggregate minimum lease payments due under such lease-purchase agreements entered into by the State for Fiscal Years 2022-23 and thereafter. See also Note 21 to the State Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement for a discussion of lease-purchase agreements entered into by the State after June 30, 2023, but before publication of the Fiscal Year 2022-23 Unaudited BFS.

In addition to lease-purchase agreements, the State is authorized to enter into lease or rental agreements for buildings and/or equipment, all of which contain a stipulation that continuation of the lease is subject to funding by the General Assembly. Historically, these agreements have been renewed in the normal course of business and are therefore treated as non-cancelable for financial reporting purposes. In addition, these agreements generally are entered into through private negotiation with lessors, banks or other financial institutions rather than being publicly offered. See Notes 10 and 12 to the State Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement for a discussion of the outstanding lease/rental agreements entered into by the State as of June 30, 2023, as well as the aggregate minimum payment obligations under such agreements in Fiscal Years 2022-23 and thereafter.

State departments and agencies, including State institutions of higher education, also issue revenue bonds for business type activities, as well as bonds and/or notes for the purchase of equipment and construction of facilities and infrastructure. With the exception of the University of Colorado, which is governed by an elected Board of Regents, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. See Notes 11, 12 and 21 to the State Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement for a discussion of such bonds and notes outstanding as of June 30, 2023, and of those issued after June 30, 2023, but before publication of the State Fiscal Year 2022-23 Unaudited BFS. The revenue bonds and certificates of participation listed in such Notes have in most cases been publicly offered, while the notes payable listed in such Notes have generally been private financings directly with banks or other financial institutions. The State has contingent moral obligations to intercept revenue and make certain debt payments on notes and bonds issued by State school districts in the event they fail to make a required payment to the holders of such notes and bonds. See Notes 19 and 21 to the State Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement.

See also the Statistical Section of the State Fiscal Year 2021-22 ACFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State 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, although no such notes were issued for Fiscal Years 2021-22 or 2022-23, and no such notes are currently expected to be issued for Fiscal Year 2023-24. For certain Fiscal Years, the State has also funded cash flow shortfalls by use of Borrowable Resources. Since Fiscal Year 2003-04, the State has also issued education loan tax and revenue anticipation notes, such as the Series 2023B Notes, for local school districts in anticipation of local school district revenues to be collected at a later date. See Notes 10 and 21 to the State Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement for a discussion of State tax and revenue anticipation notes outstanding as of June 30, 2023, and of such notes issued after June 30, 2023, but before publication of the State Fiscal Year 2022-23 Unaudited BFS. All tax and revenue anticipation notes previously issued by the State have been paid in full and on time.

See also the Statistical Section of the State Fiscal Year 2021-22 ACFR appended to this Official Statement for a ten year history of the total outstanding debt and related debt service expenditures of the State.

State Authorities

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

Pension and Other Post-Employment Benefits

General. The State provides post-employment benefits to its employees based on their work tenure and earnings history through a defined benefit pension plan (as more particularly defined in "APPENDIX E – STATE PENSION SYSTEM," the "State Division Plan"). State employees hired after 2005, in lieu of participating in the State Division Plan, may elect to participate in a defined contribution plan (the "State Division DC Plan"), although the majority of State employees participate in the State Division Plan. Each plan is administered by the Public Employees' Retirement Association ("PERA"), which is a statutorily created legal entity that is separate from the State. PERA also administers plans for school districts, local governments and other entities, each of which is considered a separate division of PERA and for which the State has no obligation to make contributions or fund benefits except to the extent described below. 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 E – STATE PENSION SYSTEM." For a detailed discussion of the State Division Plan, the State Division DC Plan and PERA, see Notes 6-8 to the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement, as well as PERA's Annual Comprehensive Financial Report for calendar year 2022 (the "PERA 2022 ACFR"). The information regarding PERA in the State Fiscal Year 2021-22 ACFR is derived from PERA's Annual Comprehensive Financial Report for calendar year 2021 (the "PERA 2021 ACFR"), while the information regarding PERA in this Official Statement is derived from the PERA 2022 ACFR.

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 to eliminate the unfunded actuarial accrued liability, or "UAAL," 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 increases (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. In addition, the State Division employers are required to pay a defined contribution supplemental amount (the "DC Supplement") to the State Division Plan on behalf of all employees of the State Division, calculated pursuant to employees hired on or after January 1, 2019, who chose to participate in the State Division DC Plan in lieu of participating in the State Division Plan. Designed to compensate for the employer contributions paid to the State Division DC Plan participant accounts that otherwise would have been payment toward the UAAL of the State Division Plan, the DC Supplement is determined for the State Division Plan as a rate of pay and was first payable as of January 1, 2021, by all employers associated with the State Division Plan.

SB 18-200 also requires the State to make an annual direct distribution to PERA of $225 million (actual dollars) on July 1 of each year, commencing in 2018, until there are no unfunded actuarial accrued liabilities in the trust fund of any Division that receives such distribution. PERA is to allocate the direct 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. Under certain circumstances adjustments may be made to this direct distribution pursuant to the automatic adjustment provision provided in SB 18-200. The July 1, 2020, direct distribution was suspended per HB 20-1379 due to the actual and forecast impact of COVID-19 on the State's revenues. In order to fully recompense PERA for this suspended direct distribution, HB 22-1029 directed the State Treasurer to make a restorative distribution to PERA upon enactment (June 7, 2022), of $380 million in addition to the scheduled July 1, 2022, direct distribution with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024, based upon the actual investment returns reported by PERA for 2021 and 2022, respectively. Per HB 22-1029, the July 1, 2023, direct distribution is to be reduced by $190 million from $225 million to $35 million, based on PERA's total fund investment return for 2021 of 16.1%. Per HB 22-1029, the July 1, 2024, direct distribution is not required to be reduced, based on PERA's negative total fund investment return in 2022 of -13.4%. Lastly, SB 23-056 requires an additional restorative payment to PERA by the State of approximately $14.5 million on the effective date of such legislation (June 2, 2023) or as soon as possible thereafter in order to recompense PERA for the suspension of the July 1, 2020, direct distribution. See "APPENDIX E – STATE PENSION SYSTEM – Funding of the State Division Plan – *Statutorily Required Contributions*."

The PERA 2022 ACFR reports that for the State Division Plan as of December 31, 2022, the actuarial value of assets was approximately $18.372 billion and the actuarial accrued liability, or "AAL," was approximately $27.647 billion, resulting in a UAAL of approximately $9.276 billion, a funded ratio of 66.5% and an amortization period of 20 years[1], all as further described in "APPENDIX E – STATE PENSION SYSTEM." The actuarial value of assets of the State Division Plan is determined by using an asset valuation method which smooths the difference between the actual and expected investment experience for each year in equal amounts 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 2022 ACFR reports that as of December 31, 2022, the UAAL of the State Division Plan was approximately $11.157 billion and the funded ratio was 59.6%.

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 State Division Plan assets or the funding ratio of the State Division Plan, with the exception of contribution and maximum annual increases (maximum cost of living adjustments) as may be required, if triggered through the AAP.

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

Other Post-Employment Benefits. The State 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 the State, School, Local Government, and Judicial Divisions of PERA are eligible to participate. The Health Care Trust Fund is a cost-sharing, multiple employer plan which provides health care premium subsidies to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans. The Health Care Trust Fund is funded by a statutory allocation of moneys consisting of portions of the employer statutorily required contributions and the amount paid by members through purchased service agreements. The PERA 2022 ACFR reports that as of December 31, 2022, the actuarial value of assets of the Health Care Trust Fund was approximately $0.572 billion and AAL of the Health Care Trust Fund was approximately $1.317 billion, resulting in a UAAL of approximately $0.745 billion, a funded ratio of 43.4% and an amortization period of 11 years. Because the Health Care Trust Fund is a

[1] The PERA 2022 ACFR states that: (i) 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 allow a greater proportion of the State's contribution to the State Division Plan to be used to amortize the unfunded liability, and to increase future contributions to further accelerate the amortization of the UAAL; and (ii) the decrease in amortization period from 2021 to 2022 is primarily due to favorable investment experience during 2019, 2020, and 2021, through the application of an actuarial value of assets, smoothing asset returns over a four-year period, which mitigated the effect of the unfavorable investment return experienced during 2022.

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. With certain exceptions, the benefit provided by the Health Care Trust Fund generally is a fixed limited subsidy of the retiree's health care insurance premium payment, and the benefit recipient bears the majority of the risk of medical cost inflation. See Notes 9 and 11 to the PERA 2022 ACFR for additional information regarding the Health Care Trust Fund.

For a discussion of other post-employment benefit plans in which the State participates, see Note 7 to both the State Fiscal Year 2022-23 ACFR and Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement.

Effect of Pension Liability on the Series 2023B Notes. The Series 2023B Notes are short-term obligations maturing on June 28, 2024, and are payable from Pledged Revenues which are expected to consist primarily of amounts received by the State Treasurer from the Participating Districts on or before June 25, 2024, as repayment of their Program Loans and a portion of the proceeds of the Series 2023B Notes deposited to the ETRANS 2023-24 Repayment Account as discussed in "THE SERIES 2023B NOTES – Security and Sources of Payment." Therefore, the State's current pension liability is not expected to adversely affect the State's ability to pay the Series 2023B Notes. See also the discussion of the State's pension liability in Management's Discussion and Analysis in the State Fiscal Year 2021-22 ACFR appended to this Official Statement, and particularly the section thereof captioned "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions."

LITIGATION, GOVERNMENTAL IMMUNITY AND SELF-INSURANCE

No Litigation Affecting the Series 2023B Notes

There is no litigation pending, or to the knowledge of the State threatened, either seeking to restrain or enjoin the issuance or delivery of the Series 2023B Notes or questioning or affecting the validity of the Series 2023B Notes or the proceedings or authority under which they are to be issued. 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 adopt the State Resolution and to secure the Series 2023B Notes in the manner provided in the State Resolution and the Loan Program Statutes.

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 amounts are subject to adjustment on or before January 1, 2022, and every fourth year thereafter based on 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 6H, 21, 43 and General Fund Components (in Supplementary Information) in both the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

For a description of pending material litigation in which the State is a defendant, see Note 19 to the State Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement. The State believes that it has a reasonable possibility of favorable outcomes for the actions discussed in Note 19, but the ultimate outcome cannot presently be determined. Except as otherwise noted, no provision for a liability has been made in the financial statements related to the contingencies discussed in such Note.

RATINGS

Moody's Investors Service, Inc. ("Moody's"), and S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P Global"), have assigned to the Series 2023B Notes the ratings set forth on the cover page of this Official Statement. No other ratings have been applied for.

A rating reflects only the views of the rating agency assigning such rating, and an explanation of the significance of such rating may be obtained from each such rating agency. The State has furnished to the rating agencies certain information and materials relating to the Series 2023B Notes, the State and its financial condition and operations, including certain information and materials which have not been included in this Official Statement. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions by the rating agencies. There is no assurance that any of the ratings will continue for any given period of time or that any of the ratings will not be revised downward, suspended or withdrawn entirely by any such rating agency if, in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of any such rating may have an adverse effect on the market price of the Series 2023B Notes. The State has not undertaken any responsibility to oppose any such revision, suspension or withdrawal.

CONTINUING DISCLOSURE

Series 2023B Notes

In accordance with the exemption set forth in paragraph (d)(3) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended, which exemption applies to offerings of municipal securities having a stated maturity of 18 months or less, such as the Series 2023B Notes, the State Treasurer will not undertake to provide on an ongoing basis either audited annual financial statements or annual financial information or operating data of the type presented in this Official Statement. However, the State Treasurer will undertake in the State Resolution, for the benefit of the Owners and Beneficial Owners of the Series 2023B Notes, that during such time as any of the Series 2023B Notes are outstanding, the State Treasurer will provide to the Municipal Securities Rulemaking Board (the "MSRB"), via its Electronic Municipal Market Access ("EMMA") system, in a timely manner, not in excess of ten Business Days after the occurrence of the event, notice of the occurrence of any of the events enumerated in Subsection (b)(5)(i)(C) of Rule 15c2-12 with respect to the Series 2023B Notes, including: (i) principal and interest payment delinquencies; (ii) nonpayment related defaults, if material; (iii) 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 security, or other material events affecting the tax status of the Series 2023B Notes; (iv) modifications to rights of owners of the Series 2023B Notes, if material; (v) defeasances; and (vi) rating changes; as well as the following events to the extent applicable to the Series 2023B Notes: (a) unscheduled draws on debt service reserves reflecting financial difficulties; (b) unscheduled draws on credit enhancements reflecting financial difficulties; (c) substitution of credit or liquidity providers, or their failure to perform; (d) Series 2023B Note calls, if material, and tender offers; (e) release, substitution or sale of property securing repayment of the Series 2023B Notes, if material; (f) bankruptcy, insolvency, receivership or similar event of the State; (g) the consummation of a merger, consolidation or acquisition involving the State or the sale of all or substantially all of the assets of the State, 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; (h) appointment of a successor or additional trustee or the change of name of a trustee, if material; (i) incurrence of a Financial Obligation (as defined in paragraph (f)(11) of Rule 15c2-12) 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 Series 2023B Notes, if material; and (j) 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.

The obligations of the State Treasurer pursuant to the undertaking are for the benefit of the Owners and Beneficial Owners of the Series 2023B Notes, and, if necessary, may be enforced by such Owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, breach of the State Treasurer's obligations pursuant to the undertaking does not constitute an Event of Default under the State Resolution, and none of the rights and remedies provided in the State Resolution for Events of Default will be available to the Owners or Beneficial Owners of the Series 2023B Notes in the event of a breach of such continuing disclosure undertaking.

Compliance With Other Continuing Disclosure Undertakings

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

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

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

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

The State has on occasion failed or been unable to comply with its various continuous disclosure undertakings, including the following instances that have occurred since Fiscal Year 2016-17: (i) due to various issues experienced by the State in connection with the implementation of a new integrated financial system in 2014, the State was unable to timely file with EMMA its unaudited Basic Financial Statements and ACFR for Fiscal Year 2016-17 in accordance with numerous continuing disclosure undertakings entered into by the Included Entities; and (ii) a late journal entry by a department resulted in a late release of the State Fiscal Year 2020-21 ACFR and corresponding late filing of such ACFR with EMMA with respect to some of the State's outstanding issues. In each case, a notice of failure to file such information was filed with EMMA shortly after the due date for such filing, and such information was subsequently filed with EMMA promptly when available.

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.

LEGAL MATTERS

All legal matters incident to the validity and enforceability of the Series 2023B Notes, as well as the treatment of interest on the Series 2023B Notes for purposes of federal and State income taxation, are subject to the approving legal opinion of Kutak Rock LLP, Denver, Colorado, as Bond Counsel. The substantially final form of the opinion of Bond Counsel is appended to this Official Statement. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State and by Kline Alvarado Veio, P.C., Denver, Colorado, as special counsel to the State in connection with the preparation of this Official Statement. Payment of legal fees to Bond Counsel and special counsel are contingent upon the sale and delivery of the Series 2023B Notes.

TAX MATTERS

Generally

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2023B Notes is excluded from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the State with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Series 2023B Notes. Failure to comply with such covenants could cause interest on the Series 2023B Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2023B Notes. The State has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2023B Notes. The interest on the Series 2023B Notes may affect the federal alternative minimum tax imposed on certain corporations.

Bond Counsel is further of the opinion that interest on the Series 2023B Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under Colorado income tax laws.

The accrual or receipt of interest on the Series 2023B Notes may otherwise affect the federal income tax liability of the owners of the Series 2023B Notes. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2023B Notes, 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 2023B Notes.

The amount treated as interest on the Series 2023B Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Service (the "Service") Notice 94-84, 1994-2 C.B. 559. Notice 94-84 states that the Service is studying whether the amount of the payment at maturity on debt obligations such as the Series 2023B Notes that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity or (ii) the difference between the issue price of the Series 2023B Notes and the aggregate amount to be paid at maturity of the Series 2023B Notes (the "original issue discount"). For this purpose, the issue price of the Series 2023B Notes is the first price at which a substantial amount of the Series 2023B Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the Service provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Series 2023B Notes if the taxpayer elects original issue discount treatment.

Tax Treatment of Original Issue Premium

The following disclosure relates to purchasers of the Series 2023B Notes who, under Notice 94-84 discussed above, treat the stated interest payable at the maturity of the Series 2023B Notes as the amount excluded from gross income for federal income tax purposes. An amount equal to the excess of the issue price of a Series 2023B Note over its stated redemption price at maturity constitutes original issue premium on such Series 2023B Note. An initial purchaser of a Series 2023B Note must amortize any original issue premium in accordance with the provisions of Section 171 of the Tax Code. Purchasers of a Series 2023B Note with original issue premium should consult with their tax advisors with respect to the determination and treatment of amortizable premium for federal income tax purposes and with respect to state and local tax consequences of owning Series 2023B Notes with original issue premium.

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 above or adversely affect the market value of the Series 2023B Notes. 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 2023B Notes. 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 2023B Notes or the market value thereof would be impacted thereby. Purchasers of the Series 2023B Notes 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 2023B Notes, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

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 2023B Notes is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments made to any bondholder 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 Tax Code. This reporting requirement does not in and of itself affect or alter the excludability of interest on the Series 2023B Notes from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

UNDERWRITING

The Series 2023B Notes will be purchased from the State by BNY Mellon Capital Markets, LLC, Barclays Capital Inc., J.P. Morgan Securities LLC, Wells Fargo Bank, N.A., and BofA Securities Inc. (the

“Underwriters”) pursuant to a competitive sale conducted by the State, for an aggregate purchase price of $673,718,985.07, being the aggregate principal amount of the Series 2023B Notes plus an aggregate original issue premium of $3,771,300.00 and less an aggregate underwriting discount of $52,314.93.

FINANCIAL ADVISOR

RBC Capital Markets, LLC, Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2023B Notes, and in such capacity has assisted in the preparation of this Official Statement and other matters relating to the planning, structuring, rating and execution and delivery of the Series 2023B Notes. However, the Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement. The Financial Advisor will act as an independent advisory firm and will not be engaged in underwriting or distributing the Series 2023B Notes. The Financial Advisor’s fee for services rendered with respect to the sale of the Series 2023B Notes is contingent upon the issuance and delivery of the Series 2023B Notes.

MISCELLANEOUS

The cover page, inside cover, 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 2023B Notes, copies of the State Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at RBC Capital Markets, LLC, 1801 California Street, Suite 3850, Denver, Colorado 80202, Attention: Dan O’Connell, telephone number (303) 595-1222. 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.

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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 State Treasurer as of the date set forth on the cover page hereof.

By: /s/ David L. Young
State Treasurer

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APPENDIX A

THE STATE GENERAL FUND

The State Resolution requires that if on June 25, 2024, the amount credited to the Principal Subaccount of the ETRANS 2023-24 Repayment Account is less than the principal amount of the Series 2023A Notes, the Series 2023B Notes and any additional Parity Lien Notes, the State Treasurer is to deposit the amount of the deficiency to the Principal Subaccount from any funds on hand or in the custody or possession of the State Treasurer and eligible for investment in the District Notes. The State Treasurer is to first utilize all other funds that are eligible for investment in the District Notes prior to the application of Current General Fund Revenues or Borrowable Resources that are eligible for investment in the District Notes. The ability of the State Treasurer to use Current General Fund Revenues that are eligible for investment in the District Notes to fund a deficiency in the Principal Subaccount of the ETRANS 2023-24 Repayment Account is subordinate to the use of such funds for payment of any general fund tax and revenue anticipation notes of the State issued during Fiscal Year 2023-24, which is not currently planned. See "THE SERIES 2023B NOTES – Security and Sources of Payment – *The ETRANS 2023-24 Repayment Account*" and "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF A DEFAULT IN THE REPAYMENT OF PROGRAM LOANS."

This Appendix contains a discussion of the General Fund, including the estimated cash flows for the General Fund for Fiscal Year 2023-24. See also "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST."

The General Fund

The General Fund is the principal operating fund of the State. All revenues and moneys not required by the State Constitution or statutes to be credited and paid into a special State fund are required to be credited and paid into the General Fund. As required by GAAP, the General Fund reported in the State Fiscal Year 2010-11 ACFR and subsequent ACFRs includes a large number of statutorily created special State funds that do not meet the GAAP requirements to be presented as Special Revenue Funds. To make the distinction between the statutory General Fund and the GAAP General Fund, the ACFR refers to the statutory General Fund as the General Purpose Revenue Fund. The revenues in the General Purpose Revenue Fund are not collected for a specific statutory use but rather are available for appropriation for any purpose by the General Assembly. The following discussion of the General Fund represents the legal and accounting entity referred to in the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS as the General Purpose Revenue Fund.

General Fund Revenue Sources

The major revenue sources to the General Fund are individual and corporate income taxes and sales and use taxes. The State also imposes excise taxes on the sale of cigarettes, tobacco products and liquor, and receives revenues from a diverse group of other sources such as insurance taxes, pari-mutuel taxes, interest income, court receipts and gaming taxes. The following table sets forth the State's actual and OSPB estimates of receipts from major revenue sources for Fiscal Years 2018-19 through 2024-25. See also "Revenue Estimation; OSPB Revenue and Economic Forecasts" in this Appendix and "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST," as well as the preliminary notice in this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Revenue Sources[1]
Fiscal Years 2018-19 through 2024-25
(Accrual basis; dollar amounts expressed in millions)

	Actual										OSPB December 2023 Revenue Forecast			
	Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22		Preliminary Fiscal Year 2022-23		Estimate Fiscal Year 2023-24		Estimate Fiscal Year 2024-25	
Revenue Source	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**	**Amount**	**% Change**
Excise Taxes:														
Sales Tax[1]	$ 3,246.6	4.9%	$ 3,196.0	4.7%	$ 3,418.1	6.9%	$ 4,089.0	19.6%	$ 4,301.6	5.2%	$ 4,387.1	2.0%	$ 4,586.3	4.5%
Use Tax	345.5	11.5	210.5	(39.1)	214.2	1.8	232.6	8.6	251.2	8.0	234.1	(6.8)	256.7	9.7
Retail Marijuana Sales – 15% Special Sales Tax[1]	--	--	245.5	27.4	288.2	17.4	258.7	(10.2)	219.9	(15.0)	228.7	4.0	259.6	13.5
Cigarette Tax	32.6	(5.8)	32.5	(0.1)	30.1	(7.3)	26.0	(13.8)	23.9	(7.9)	22.0	(8.0)	20.8	(5.6)
Tobacco Products	22.3	35.8	24.4	9.5	29.0	19.1	26.6	(8.3)	23.7	(11.0)	23.0	(3.0)	25.6	11.3
Liquor	48.3	3.9	50.1	3.7	53.4	6.6	56.3	5.6	56.3	(0.1)	57.6	2.3	59.4	3.2
Proposition EE[2]	--	--	--	--	49.0	N/A	208.0	324.3	235.0	13.0	205.6	(12.5)	238.0	15.8
Total Excise Taxes	3,695.3	5.5%	3,759.0	1.7	4,082.1	8.6	4,897.2	20.0	**5,111.7**	**4.4**	**5,158.1**	**0.9**	**5,446.4**	**5.6**
Income Taxes:														
Net Individual Income Tax	8,247.0	8.8	8,644.9	4.8	9,478.1	9.6	11,717.8	23.6	10,952.7	(6.5)	10,938.6	(0.1)	11,660.4	6.6
Net Corporate Income Tax	919.8	17.6	728.3	(20.8)	1,183.7	62.5	1,568.6	32.5	2,366.7	50.9	2,038.2	(13.9)	1,783.8	(12.5)
Total Income Taxes	9,166.8	9.7	9,373.2	2.3	10,661.8	13.7	13,286.4	24.6	13,319.5	0.2	12,976.8	(2.6)	13,444.2	3.6
Less: State Education Fund Diversion[3]	*692.8*	*12.3*	*(646.7)*	*(6.7)*	*874.6*	*35.2*	*993.5*	*13.6*	*1,066.4*	*7.3*	*1,060.1*	*(0.6)*	*1,098.3*	*3.6*
Less: Proposition 123 Diversion[4]	--	--	--	--	--	--	--	--	*160.0*	*N/A*	*311.4*	*94.7*	*322.7*	*3.6*
Total Income Taxes to the General Fund	8,474.0	9.5	8,726.5	3.0	9,787.2	12.2	12,292.9	25.6	12,093.1	(1.6)	11,605.2	(4.0)	12,023.2	3.6
Other Revenues:														
Insurance	314.7	3.6	337.4	7.2	336.3	(0.3)	390.2	16.0	516.7	32.4	535.2	3.6	554.8	3.7
Interest Income	26.5	35.8	31.1	17.2	50.0	60.9	69.2	38.3	192.8	178.5	200.3	3.9	149.4	(25.4)
Pari-Mutuel	0.5	(1.7)	0.4	(23.7)	0.3	(21.2)	0.4	34.8	0.3	(20.4)	0.4	27.6	0.4	(12.5)
Court Receipts	4.2	(5.3)	3.9	(6.7)	3.5	(9.8)	2.4	(31.4)	3.1	30.6	3.1	(0.8)	3.1	0.5
Other Income	48.9	(67.9)	9.7	(80.2)	50.7	423.4	45.6	(10.1)	84.5	85.3	54.7	(35.2)	53.8	(1.7)
Total Other	394.8	(17.8)	382.5	(3.1)	440.9	15.3	507.8	15.2	**797.4**	**57.0**	**793.7**	**(0.5)**	**761.5**	**(4.1)**
Gross General Fund	**$12,564.1**	**7.2%**	**$12,868.0**	**2.4%**	**$14,310.1**	**11.2%**	**$17,697.9**	**23.7%**	**$18,002.2**	**1.7%**	**$17,557.1**	**(2.5)%**	**$18,231.1**	**3.8%**

1 State voters approved Proposition AA in November of 2013, which included the imposition by the State of a sales tax of 10% on sales of retail marijuana and retail marijuana products effective January 2014. Per SB 17-267, this tax is increased to 15% effective July 1, 2017. The revenue derived from this sales tax is shared by the State and local governments where such sales occur. Per SB 17-267, for Fiscal Year 2020-21, 28.15% of the State share of this revenue, less $30 million, was required to be retained in the General Fund, 71.85% transferred to the Marijuana Tax Cash Fund and $30 million 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 State voters approved Proposition EE, a ballot measure referred to the voters by HB 20-1427, in November of 2020, which imposes additional taxes on cigarettes and other tobacco products and creates a tax on other nicotine products such as e-cigarettes. Specifically, Proposition EE (a) adds a tax of $1.10 per pack of cigarettes, more than doubling the then-current tax of $0.84 per pack, (b) increases the tax on other tobacco products by 10% (from 40% to 50%) of manufacturer's list price, and (c) creates a tax on other nicotine products, starting at 30% of manufacturer's list price and increasing to 50% of manufacturer's list price by the end of Fiscal Year 2022-23. Through Fiscal Year 2022-23, revenue from the Proposition EE-imposed taxes is largely transferred to the State Education Fund, with smaller amounts going to the Rural Schools Cash Fund, the Housing Development Grant Fund, the Tobacco Tax Cash Fund, the Eviction Legal Defense Fund and the Preschool Programs Cash Fund. The constitutionality of a provision of HB 20-1427 that mandates a minimum retail price for cigarettes sold in Colorado is currently being challenged, although a negative outcome of such litigation is not expected to have a material adverse impact on these forecasted revenues.

3 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.

4 Proposition 123, an initiated measure approved by the State's voters at the general election held on November 8, 2022, creates the State Affordable Housing Fund and dedicates 0.1% of State income tax revenue to fund various housing programs.

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 Fiscal Years 2018-19 through 2021-22, as well as the estimates for Fiscal Years 2022-23 through 2024-25 from the OSPB December 2023 Revenue Forecast. The overview incorporates the budget under current law as of the publication of the OSPB December 2023 Revenue Forecast for

Fiscal Years 2022-23 through 2024-25. 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 B – OSPB DECEMBER 2023 REVENUE FORECAST," as well as the preliminary notice in this Official Statement regarding forward-looking statements.

State of Colorado
General Fund Overview
Fiscal Years 2018-19 through 2024-25

(Dollar amounts unless otherwise indicated and expressed in millions. Totals may not add due to rounding.)

	Actual (Unaudited)[1]					OSPB December 2023 Revenue Forecast[2]	
	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Preliminary Fiscal Year 2022-23	Fiscal Year 2023-24	Fiscal Year 2024-25
Revenue							
Beginning Reserve	**$ 1,366.0**	**$ 1,262.6**	**$ 1,825.7**	**$ 3,181.5**	**$ 3,203.2**	**$ 2,392.2**	**$ 2,394.0**
Gross General Fund Revenue	**12,564.0**	**12,868.0**	**14,310.1**	**17,697.9**	**18,002.2**	**17,557.1**	**18,231.1**
Transfers to the General Fund	17.2	248.0	336.8	71.3	53.5	59.0	130.6
TOTAL GENERAL FUND AVAILABLE	**13,947.2**	**14,378.6**	**16,472.6**	**20,950.8**	**21,258.9**	**20,043.7**	**20,753.9**
Expenditures							
Appropriation Subject to Limit[3]	**11,258.7**	**11,805.2**	**10,979.1**	**12,031.2**	**13,308.1**	**14,950.9**	**15,829.8**
Dollar Change From Prior Year	827.8	546.4	(826.1)	1,052.1	1,266.9	1,642.8	878.9
Percent Change From Prior Year	7.9%	4.9%	(7.0)%	9.6%	10.5%	12.3%	5.9%
Spending Outside Limit	**1,596.3**	**910.5**	**2,347.9**	**5,797.5**	**5,723.8**	**2,700.6**	**2,530.1**
TABOR Refund under Subsection (7)(d)[4]	428.5	0.0	547.9	3,848.1	3,683.1	1,651.3	1,280.4
Homestead Exemption (Net of TABOR Refund)[4]	106.4	0.0	157.9	0.0	0.1	0.0	0.0
Other Rebates and Expenditures[5]	159.7	145.7	137.9	149.6	168.6	175.2	164.4
Transfers for Capital Construction[6]	180.5	213.6	43.0	354.0	493.2	332.4	239.5
Transfers for Transportation[6]	495.0	300.0	30.0	512.9	88.0	0.0	117.5
Transfers to State Education Fund	25.0	40.3	113.0	123.0	290.0	0.0	146.0
Transfers to Other Funds[7]	201.1	210.9	1,318.3	809.9	1,000.8	541.7	582.3
TOTAL GENERAL FUND OBLIGATIONS	**12,855.0**	**12,715.6**	**13,327.0**	**17,828.7**	**19,031.9**	**17,651.5**	**18,359.9**
Percent Change from Prior Year	14.6%	(1.1)%	4.8%	33.8%	6.7%	(7.3)%	4.0%
Reversions and Accounting Adjustments[8]	(170.3)	(160.3)	(32.4)	(79.8)	(200.7)	0.0	0.0
Reserves							
Year-End General Fund Balance	**1,262.5**	**1,823.2**	**3,178.0**	**3,201.9**	**2,427.7**	**2,392.2**	**2,394.0**
Year-End General Fund as a % of Appropriations	11.2%	15.4%	28.9%	26.6%	18.2%	16.0%	15.2%
General Fund Statutory Reserve Amount[9]	814.2	362.4	314.0	1,612.2	1,996.2	2,225.3	2,357.2
Unappropriated Reserve Percentage[9]	7.25%	3.07%	2.86%	13.4%	15.0%	15.0%	15.0%
Amount Above (Below) Statutory Reserve[10]	**448.3**	**1,460.8**	**2,864.0**	**1,589.7**	**431.5**	**166.9**	**36.8**

[1] This table is unaudited, although some of the figures reported in these columns are identified by the OSPB from the State's ACFRs which are audited for the applicable Fiscal Years.

[2] Fiscal Year 2022-23 and Fiscal Year 2023-24 expenditures reflect all legislation that has passed through both houses of the General Assembly as of December 20, 2023. See "SOURCE OF PAYMENT OF PROGRAM LOANS – Ad Valorem Property Taxation Procedure – State Revenue Reimbursement and Backfill Provisions." Reversions and accounting adjustments are preliminary and unaudited. Fiscal Year 2024-25 appropriations reflect the Governor's budget.

[3] Total State appropriations during this period have been limited to such moneys as are necessary for reappraisals of any class or classes of taxable property for property tax purposes as required by Section 39-1-105.5, C.R.S., plus an amount equal to 5.0% of Colorado personal income.

[4] Current law requires TABOR refunds to be accounted for in the year the excess revenue is collected, although the refunds are actually made in subsequent Fiscal Years in accordance with the procedure described in "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Fiscal Year Revenue and Spending Limits; Referendum C*" and "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST – TABOR Outlook." The amounts to be refunded to taxpayers include adjustments resulting from: (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) refunds to taxpayers in previous years being different than the actual amount required. Such adjustments are held by the State until a future year in which a TABOR refund occurs when the total refund amount distributed to taxpayers is adjusted.

[Notes continued on next page]

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. The Homestead Property Tax Exemption is shown as a separate category as the result of SB 17-267, which added as the first TABOR refund mechanism amounts reimbursed to county treasurers in the year of the TABOR refund for local property tax revenue losses attributable to the Homestead Property Tax Exemption as discussed in "STATE FINANCIAL INFORMATION – Taxpayers' Bill of Rights – *Fiscal Year Revenue and Spending Limits; Referendum C*." See also "SOURCE OF PAYMENT OF PROGRAM LOANS – Ad Valorem Property Taxation Procedure – *Homestead Exemption*."

6 Section 24-75-219, C.R.S., requires certain transfers from the General Fund to the Highway Users Tax Fund and the Capital Construction Fund, commonly referred to as "228" transfers based on SB 09-228 which originally provided for the transfers. The amounts of the 228 transfers were revised per HB 16-1416 and SB 17-262. In addition, SB 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 General Assembly.

7 State law requires transfers of General Fund money to various State cash funds. Generally, the largest transfer relates to the special sales tax on retail marijuana, portions of which are transferred from the General Fund to the Marijuana Tax Cash Fund and to fund the Public School Fund. See Note 1 to the table in "General Fund Revenue Sources" above. However, due to the risk of lower than expected severance tax revenues in Fiscal Year 2017-18 and thereafter, HB 18-1338 requires General Fund transfers to various severance tax cash funds to protect program funding, and also requires an equivalent amount of future severance tax revenue to be diverted to the General Fund to repay these transfers.

8 This line includes any General Fund money not expended out of appropriations each fiscal year that was "reverted" back to the General Fund, as well as various accounting adjustments made by the State Controller's office each year.

9 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. In Fiscal Year 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. SB 18-276 repealed the exemption of the lease-purchase agreement payments from the calculation of the reserve requirement. See "STATE FINANCIAL INFORMATION – Budget Process and Other Considerations – *Revenues and Unappropriated Amounts*" and "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – The State, State Departments and Agencies."

10 Under current law, all amounts remaining in the General Fund in excess of the statutory reserve become part of the beginning reserve and funds available in the following Fiscal Year.

Source: Office of State Planning and Budgeting

Revenue Estimation; OSPB Revenue and Economic Forecasts

Revenue Estimating Process. The State relies on revenue estimation as the basis for establishing aggregate funds available for expenditure for its appropriation process. By statute, the OSPB is responsible for developing a General Fund revenue estimate. No later than June 20th prior to the beginning of each Fiscal Year, and no later than September 20th, December 20th and March 20th within each Fiscal Year, the Governor, with the assistance of the State Controller and the OSPB, is required to make an estimate of General Fund revenues for the current and certain future years. The revenue estimates are not binding on the General Assembly in determining the amount of General Fund revenues available for appropriation for the ensuing Fiscal Year. The revenue estimates may be subject to more frequent review and adjustment in response to significant changes in economic conditions, policy decisions and actual revenue flow.

The most recent OSPB revenue forecast was issued in December 2023 and is included in its entirety in this Official Statement as "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST." The OSPB December 2023 Revenue Forecast estimates revenues for Fiscal Years 2022-23 through 2024-25, which are summarized in "General Fund Revenue Sources" and "General Fund Overview" above in this Appendix. See also "INVESTMENT CONSIDERATIONS – Budgets and Revenue Forecasts" and the preliminary notice in this Official Statement regarding forward-looking statements."

OSPB begins estimating revenue by forecasting macroeconomic variables at the national and State levels. The national forecast for the OSPB December 2023 Revenue Forecast is generated using internal modeling for GDP growth and corresponding assumptions for other variables across the economy. From there, OSPB forecasts the State economy using models developed in-house, with assumptions differentiating the State from the national economy.

The model of the State economy is updated quarterly. This model is comprised of numerous dynamic regression equations that express relationships between key variables at the State and national level. Accordingly, OSPB uses the national economic indicators as inputs for many of the State economic variables. This 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 models used to forecast General Fund revenue rely 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 models 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 or corporate income tax receipts forecast. However, for sales tax collections, the model forecasts only the aggregate amount. For the smaller tax revenue categories, a mixture of regression based modelling and simple trend analyses are 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. This occurred in Fiscal Year 2019-20 as the result of the actual and anticipated impact of the COVID-19 pandemic on the State's finances.

The next OSPB revenue forecast is scheduled to be released in March of 2024. General Fund revenue projections in this and subsequent OSPB revenue forecasts may be materially different from the OSPB December 2023 Revenue Forecast if economic conditions change markedly. If a revenue shortfall is projected for Fiscal Year 2023-24 and subsequent forecasted years which would result in a budgetary shortfall, budget cuts and/or actions to increase the amount of money in the General Fund will be necessary to ensure a balanced budget. See "SELECTED STATE FUNDS ELIGIBLE FOR INVESTMENT IN DISTRICT NOTES IN THE EVENT OF DEFAULT IN THE REPAYMENT OF PROGRAM LOANS" and "INVESTMENT CONSIDERATIONS – 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 2022-23 and 2023-24 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 2022-23 and 2023-24 for which information is available.

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2022-23
(Amounts expressed in millions)[1]

	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	June 2023
Agency CMOs	$ 682.0	$ 705.0	$ 742.9	$ 736.5	$ 752.1	$ 748.3	$ 744.2	$ 740.5	$ 786.1	$ 780.5	$ 776.1	$ 771.2
Commercial Paper	4,606.1	3,910.9	4,082.3	4,175.7	3,808.5	3,378.0	3,650.2	3,263.5	3,677.7	4,255.1	4,976.6	4,528.4
U.S. Treasury Notes	3,265.3	3,270.7	3,351.5	3,330.7	3,231.0	3,230.7	3,511.9	3,599.4	3,599.1	3,830.4	4,317.3	4,376.7
Federal Agencies	1,237.1	1,497.9	1,864.2	1,864.5	1,497.2	1,917.6	2,313.3	2,476.4	2,040.1	1,595.2	1,380.6	1,440.8
Asset-Backed Securities	522.6	513.4	496.7	492.0	487.5	481.5	476.7	469.1	466.0	527.7	508.2	507.6
Money Market	3,915.0	1,940.0	1,550.0	835.0	1,050.0	1,050.0	1,590.0	1,465.0	1,645.0	2,335.0	1,325.0	1,125.0
Corporates	7,307.5	7,748.3	7,887.7	7,904.7	7,679.7	7,784.2	7,846.6	7,709.5	7,574.7	7,585.7	7,572.1	7,597.3
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	**$21,535.6**	**$19,586.2**	**$19,975.3**	**$19,339.1**	**$18,506.0**	**$18,590.3**	**$20,132.9**	**$19,723.4**	**$19,788.7**	**$20,909.6**	**$20,855.9**	**$20,347.0**

[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 2023-24
(Amounts expressed in millions)[1]

	July 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023	Dec 2023
Agency CMOs	$ 766.3	$ 835.5	$ 2,706.9	$ 2,947.4	$ 2,887.9	$ 3,009.7
Commercial Paper	4,570.7	4,237.6	4,571.3	4,946.8	5,184.9	5,115.2
U.S. Treasury Notes	4,494.5	4,494.9	4,457.2	4,139.4	3,973.6	3,978.4
Federal Agencies	1,689.1	1,730.6	1,897.2	1,726.2	1,524.3	1,520.3
Asset-Backed Securities	507.0	506.5	501.6	493.3	483.9	479.3
Money Market	1,265.0	1,035.0	1,325.0	1,115.0	1,145.0	1,475.0
Corporates	7,548.6	7,495.9	5,536.8	5,521.7	5,445.9	5,480.8
Certificates of Deposit	0.0	0.0	0.0	0.0	0.0	0.0
Totals	**$20,841.2**	**$20,336.0**	**$20,996.0**	**$20,889.8**	**$20,645.5**	**$21,058.7**

[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

General Fund Cash Flow

General Fund cash flow deficits are attributable to several categories of loans and expenditures by the State throughout each Fiscal Year, including public school distributions, medical assistance and grants and contract purchased services. The State Treasurer has certain administrative powers to remedy negative cash balances, including the ability to issue tax and revenue anticipation notes in anticipation of the receipt of revenues in the General Fund and to use Borrowable Resources. The Governor also has authority to impose spending restrictions, and the General Assembly may defer certain payments from one Fiscal Year to the next, if necessary, to ensure that the General Fund will not end any Fiscal Year with a negative fund balance. See "THE SERIES 2023B NOTES – Authorization" and "STATE FINANCIAL INFORMATION – The State Treasurer."

The following tables present on a cash basis the actual and estimated cash flows of the General Fund for Fiscal Years 2022-23 and 2023-24 by total categories of receipts and disbursements. The tables are based on revenue and expenditure projections prepared on the modified accrual basis of accounting, with accounting adjustments made by the State Treasurer to arrive at a cash basis presentation, and should be read in conjunction with the information set forth above in this Appendix. See also "STATE FINANCIAL INFORMATION – Fiscal Controls and Financial Reporting."

Monthly cash flow projections for Fiscal Years 2022-23 and 2023-24 are based upon (i) the General Fund appropriations for Fiscal Years 2022-23 and 2023-24 adopted by the General Assembly, (ii) historical experience as adjusted to reflect economic conditions, (iii) statutory and administrative changes and anticipated payment dates for payrolls and (iv) the OSPB December 2023 Revenue Forecast discussed in "Revenue Estimation; OSPB Revenue and Economic Forecasts" above. Unforeseen events or variations from underlying assumptions may cause an increase or decrease in receipts and/or disbursements from those projected for a given month, which may adversely affect the projections of estimated cash flows. Additionally, the timing of transactions from month to month may vary from the forecasts. Therefore, there are likely to be differences between the forecasted and actual results, and such differences may be material. See the preliminary notice in this Official Statement regarding forward-looking statements.

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State of Colorado
General Fund Cash Flow
Fiscal Year 2022-23[1]
Current Law

(Amounts expressed in millions; totals may not add due to rounding)

	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	June 2023	Total
Beginning Cash and Investments Balance	$ 3,201.9												
Revenues:													
General Fund Revenue:													
Sales and Use Tax	247.4	$ 403.4	$ 419.5	$ 404.6	$ 380.3	$ 380.9	$ 456.7	$ 345.9	$ 350.9	$ 391.9	$ 379.0	$ 392.3	$ 4,552.8
Income Tax	410.3	719.0	1,007.6	920.7	820.5	845.1	1,155.6	324.0	434.3	1,242.3	859.7	1,147.1	9,886.3
Corporate Tax	25.0	10.5	248.7	93.3	(71.6)	230.2	194.1	30.7	316.9	511.8	104.4	672.7	2,366.7
Other	54.8	47.3	13.6	(46.9)	29.9	(35.4)	113.9	204.4	30.6	383.9	59.0	366.4	1,221.6
Total General Fund Revenue	712.3	1,180.2	1,689.5	1,371.6	1,159.1	1,420.8	1,920.4	905.0	1,132.8	2,529.9	1,402.1	2,578.5	18,002.2
Federal Revenue	514.4	556.9	712.4	453.6	609.2	721.8	602.0	619.8	744.3	531.6	628.1	1,311.6	8,005.7
Total Revenues	1,226.7	1,737.1	2,401.9	1,825.1	1,768.3	2,142.6	2,522.4	1,524.8	1,877.1	3,061.5	2,030.2	3,890.2	26,008.0
Expenditures:													
Payroll	170.5	227.7	222.6	224.0	222.0	199.6	217.5	210.0	212.7	206.1	208.8	231.4	2,552.9
Medical Assistance	508.1	585.0	425.1	419.5	634.2	537.2	362.7	582.1	461.4	772.2	769.2	514.8	6,571.7
Public School Distribution	874.8	(14.2)	906.3	0.2	2.0	900.8	3.3	0.4	901.2	0.4	0.2	2.3	3,577.8
Higher Education Distribution	3.7	45.1	2.1	4.1	4.2	42.6	0.3	0.4	0.4	0.4	0.4	(0.8)	102.9
Grants and Contracts	155.0	273.5	324.9	217.1	251.2	310.1	264.5	254.0	287.8	251.2	258.3	290.9	3,138.6
Other	513.4	930.9	1,259.2	477.4	500.4	1,828.3	626.1	572.8	1,386.1	361.0	242.1	1,032.0	9,729.8
Total Expenditures:	(2,225.6)	(2,048.1)	(3,140.3)	(1,342.2)	(1,614.1)	(3,818.7)	(1,474.4)	(1,619.7)	(3,249.6)	(1,591.3)	(1,479.0)	(2,070.7)	(25,673.7)[2]
Total Revenues Minus Total Expenditures	2,203.0[3]	(311.1)	(738.4)	482.9	154.2	(1,676.0)	1,048.0	(94.9)	(1,372.5)	1,470.2	551.2	1,819.5	3,536.1[3]
Revenue Accrual Adjustment	163.6	(20.1)	2.1	6.5	(32.1)	4.5	2.0	(0.3)	(1.9)	10.2	(52.5)	(17.6)	64.4
Expenditure Accrual Adjustment	(80.6)	89.6	(2.0)	(61.3)	66.7	(20.4)	57.5	(36.9)	28.7	149.9	(45.0)	(624.2)	(477.9)
Extraordinary Items Impacting Cash:													
TABOR Refund (No Refund)	--	--	--	--	--	--	--	--	--	--	--	--	--
Transfer in Cash and Investments Per Statute	(225.0)	--	--	--	--	--	--	--	--	--	--	--	(225.0)
Homestead Exemption	--	--	--	--	--	--	--	--	--	(180.0)	--	--	(180.0)
General Fund Notes – Including Interest	--	--	--	--	--	--	--	--	--	--	--	--	--
Capital Construction Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
General Fund Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
State Education Fund Transfer	--	--	--	--	--	--	(290.0)	--	--	--	--	--	(290.0)
Projected Monthly Cash Change	2,061.0	(241.6)	(738.3)	428.1	188.9	(1,692.0)	817.5	(132.1)	(1,345.8)	1,450.4	453.7	1,177.7	2,427.7
General Fund Cash Balance End of Month	**$ 2,061.0**	**$ 1,819.4**	**$ 1,081.2**	**$ 1,509.3**	**$ 1,698.2**	**$ 6.2**	**$ 823.7**	**$ 691.6**	**$ (654.2)**	**$ 796.2**	**$ 1,249.9**	**$ 2,427.7**	

[1] General Fund revenues in this table are derived from the OSPB December 2023 Revenue Forecast. All other amounts are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the preliminary notice in this Official Statement regarding forward-looking statements.

[2] OSPB December 2023 estimate.

[3] Includes beginning cash balance in July.

Source: State Treasurer's Office

State of Colorado
Actual and Estimated General Fund Cash Flow
Fiscal Year 2023-24
Current Law[1,2]

(Amounts expressed in millions; totals may not add due to rounding)

	Actual					Estimated							
	July 2023	**Aug 2023**	**Sept 2023**	**Oct 2023**	**Nov 2023**	**Dec 2023**	**Jan 2024**	**Feb 2024**	**Mar 2024**	**Apr 2024**	**May 2024**	**June 2024**	**Total**
Beginning Cash and Investments Balance	$ 2,427.7												
Revenues:													
General Fund Revenue:													
Sales and Use Tax	249.3	$ 383.5	$ 398.8	$ 384.6	$ 361.5	$ 366.4	$ 439.3	$ 332.7	$ 337.6	$ 377.0	$ 364.6	$ 391.7	$ 4,387.1
Income Tax	409.5	705.3	988.5	903.1	804.9	854.6	1,169.0	327.9	439.2	1,256.2	869.4	1,150.9	9,878.5
Corporate Tax	25.2	18.8	445.2	166.9	(128.2)	181.5	153.0	24.2	249.8	403.4	82.3	416.1	2,038.2
Other	55.8	122.7	(71.2)	(24.8)	170.1	(40.0)	80.2	183.0	59.7	389.4	28.3	300.1	1,253.3
Total General Fund Revenue	739.8	1,230.3	1,761.2	1,429.8	1,208.4	1,362.5	1,841.5	867.8	1,086.3	2,426.1	1,344.6	2,258.8	17,557.1[2]
Federal Revenue	519.2	585.2	748.7	476.7	640.2	740.1	617.2	635.5	763.1	545.0	644.0	1,344.8	8,259.6
Total Revenues	1,259.0	1,815.5	2,509.9	1,906.5	1,848.6	2,102.6	2,458.8	1,503.3	1,849.4	2,971.1	1,988.5	3,603.6	25,816.7
Expenditures:													
Payroll	194.9	275.3	267.1	268.7	266.4	236.5	261.1	252.0	255.2	247.3	250.6	279.7	3,054.8
Medical Assistance	511.5	531.8	386.5	381.4	576.6	488.4	329.7	529.2	419.5	702.0	699.3	468.0	6,023.8
Public School Distribution	880.6	(14.2)	906.3	0.2	2.0	900.8	3.3	0.4	901.2	0.4	0.2	2.3	3,583.5
Higher Education Distribution	3.7	45.1	2.1	4.1	4.2	42.6	0.3	0.4	0.4	0.4	0.4	(0.8)	102.9
Grants and Contracts	157.5	273.5	324.9	217.1	251.2	310.1	264.5	254.0	287.8	251.2	258.3	290.9	3,141.1
Other	516.8	986.6	1,330.1	503.5	553.1	1,711.1	565.7	529.0	1,275.6	336.2	220.2	875.6	9,403.4
Total Expenditures:	(2,264.9)	(2,098.1)	(3,217.0)	(1,375.0)	(1,653.5)	(3,689.5)	(1,424.5)	(1,564.9)	(3,139.7)	(1,537.5)	(1,429.0)	(1,915.7)	(25,309.5)[2]
Total Revenues Minus Total Expenditures	1,421.7[3]	(282.6)	(707.1)	531.5	195.1	(1,587.0)	1,034.2	(61.6)	(1,290.3)	1,433.6	559.5	1,687.9	2,934.9[3]
Revenue Accrual Adjustment	196.6	(7.0)	0.7	2.3	(11.2)	1.6	0.7	(0.1)	(0.7)	3.6	(18.4)	(6.2)	161.9
Expenditure Accrual Adjustment	(166.6)	30.0	(0.7)	(20.5)	22.3	(6.8)	19.3	(12.4)	9.6	50.2	(15.1)	(209.0)	(299.6)
Extraordinary Items Impacting Cash:													
TABOR Refund (No Refund)	--	--	--	--	--	--	--	--	--	--	--	--	--
Transfer in Cash and Investments Per Statute	(225.0)	--	--	--	--	--	--	--	--	--	--	--	(225.0)
Homestead Exemption	--	--	--	--	--	--	--	--	--	(180.0)	--	--	(180.0)
General Fund Notes – Including Interest	--	--	--	--	--	--	--	--	--	--	--	--	--
Capital Construction Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
General Fund Reserve Transfer to Highway Users Tax Fund	--	--	--	--	--	--	--	--	--	--	--	--	--
State Education Fund Transfer	--	--	--	--	--	--	--	--	--	--	--	--	--
Projected Monthly Cash Change	1,226.7	(259.6)	(707.0)	513.2	206.2	(1,592.3)	1,054.2	(74.1)	(1,281.4)	1,307.4	526.1	1,472.7	2,392.2
General Fund Cash Balance End of Month	**$ 1,226.7**	**$ 967.1**	**$ 260.1**	**$ 773.4**	**$ 979.5**	**$ (612.7)**	**$ 441.5**	**$ 367.4**	**$ (914.0)**	**$ 393.3**	**$ 919.5**	**$ 2,392.2**	

[1] General Fund revenues in this table are derived from the OSPB December 2023 Revenue Forecast. All other amounts are estimates made by the State Treasurer's office based on various assumptions and are subject to change. No representation or guaranty is made herein that such forecasted amounts will be realized. See the preliminary notice in this Official Statement regarding forward-looking statements.

[2] OSPB December 2023 estimate.

[3] Includes beginning cash balance in July.

Source: State Treasurer's Office

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APPENDIX B

OSPB DECEMBER 2023 REVENUE FORECAST

As discussed in "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts," the OSPB prepares quarterly revenue estimates and is currently forecasting for Fiscal Years 2023-24 through 2025-26. 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 in December 2023 and is presented in its entirety in this Appendix. The pagination of this Appendix reflects the original printed document.

Prospective investors are cautioned that any forecast is subject to uncertainties, and inevitably some assumptions used to develop the forecasts will not be realized, and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasted and actual results, and such differences may be material. No representation or guaranty is made herein as to the accuracy of the forecasts. See also the preliminary notice in this Official Statement regarding forward-looking statements.

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Colorado
Economic & Fiscal Outlook

December 20, 2023

STATE OF COLORADO

Governor's Office of State Planning & Budgeting

COLORADO
Governor Jared Polis

Contents

Jared Polis - Governor
Mark Ferrandino - Budget Director
Bryce Cooke - Deputy Director
Alex Carlson - Manager
Will Mixon - Manager
Anders Shropshire - Tax Policy Analyst
Clint Saloga - Economist
Edward Crandall - Economist
Emily Hrovat - Economist
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For additional information about the Governor's Office of State Planning and Budgeting, to access this publication electronically, or to sign up to be notified by email when the quarterly forecast is released, please visit www.colorado.gov/ospb.

Forecast in Brief

OSPB has revised up its economic growth expectations from the September forecast due to a rebound of consumption and investment in the third quarter of 2023. Real disposable income is positive and outpacing pre-pandemic growth as inflation is resettling more quickly than moderation of wages. As consumer demand shifts from goods to services, there are anticipated sector-specific slowdowns in labor demand as a result. Local inflation growth is expected to outpace the nation's inflation rate due to higher services demand, but positive developments in local shelter and energy inflation are expected to help shrink the gap by the end of next year.

OSPB expects the economy to achieve a moderately soft landing despite restrictive monetary policy, and the risk of recession in the next 12 months is stable at 30 percent. The economy is expected to avoid a contraction as consumer demand holds firm, in large part due to services spending and increased non-residential investments, despite increasing costs of financing.

In FY 2023-24, as a result of General Fund growth expectations underpinned by a stronger economy, TABOR refunds are expected to total $1,651.3 million, a $213.2 million upward revision from September. Additionally, revenue subject to TABOR is expected to stabilize and remain above this cap through the duration of the forecast period. Currently, revenue projections are $1,280.4 and $1,413.0 million above the cap in FY 2024-25 and FY 2025-26, respectively.

Under this forecast, the General Fund ending balance is projected to be $166.9 million and $36.8 million above the statutory reserve level of 15 percent in FY 2023-24 and FY 2024-25, respectively. This accounts for the November 1st budget submission, but does not factor in supplemental requests or budget amendments to be submitted in January.

<u>**General Fund**</u>	● **General Fund revenue is revised up $247.3 million in FY 2023-24**, largely a result of stronger than anticipated **corporate income revenue**, with smaller upward revisions in individual income, sales, insurance, and interest income. ● **FY 2024-25 revenue is revised down $78.1 million** largely due to slightly lower job growth than the previous forecast, which impacts **individual income withholdings revenue**. ● **General Fund revenue is expected to grow 4.6 percent to $19.1 billion in FY 2025-26** due to stable growth in **income and sales revenue** as the economy grows at potential GDP.
<u>**Cash Funds**</u>	● **Cash funds are expected to remain about flat** in the near-term, falling an expected 2.9 percent in FY 2023-24 and then increasing 4.9 percent in FY 2024-25. Compared with the September forecast, cash funds are revised down $36.6 million and $49.7 million in FY 2023-24 and FY 2024-25 respectively, as revenue impacts from the Governor's budget more than offset increases in **severance and transportation revenue** expectations.

Economic Outlook

The labor market remains strong though jobs growth continues a slow decline at both the state and national level. Similarly, consumer demand has proven more resilient on higher durable goods spending and continued services growth but is expected to decelerate during the first half of 2024. Inflation growth has continued to moderate in Colorado and the nation as a whole as shelter and energy prices continue their downward trajectories. The gap between local and national prices has also narrowed, but price growth remains higher locally than nationwide largely due to higher local demand for services. Resilient consumption patterns, combined with higher than anticipated recent investment and inventory activity, boost 2023 GDP expectations by 0.4 percentage points. Going forward, OSPB still anticipates that growth will slow in early 2024 due to slowdowns in consumer demand, slowing inventories, and investments, followed by a rebound to potential growth by 2025. Colorado has seen earlier slowdowns than the U.S. as a whole in retail spending and the labor market in recent months but is expected to fare slightly better than the nation as a whole over the course of the forecast period due to labor market tightness and a higher proportion of service spending.

Overview of Economic Indicators

GDP: In a revision upward since September, real GDP is now expected to outpace 2022 growth (1.9 percent) and grow at 2.5 percent in 2023 as a result of: (1) continued strength in service spending; (2) slow growth in goods spending; and 3) higher near-term inventory growth. GDP expectations correspond with a soft landing as quarter-over-quarter annualized GDP growth is expected to slow in early 2024 but remain at or above 0.5 percent. These factors and base effects of a higher end point in 2023 translate to an additional upward revision of 0.4 percentage points to 1.5 percent growth in 2024. Economic growth is expected to return to 1.6 percent on average in 2025, as GDP is now expected to return to potential growth a quarter later than in the September forecast.

Labor Market: Both the current U.S. unemployment rate of 3.7 percent and the Colorado rate of 3.3 percent remain above full employment and job growth continues, albeit at a slowing rate. The gap between the number of job openings and unemployed workers remains elevated though it continues to decline, signifying moderately tight but loosening labor market conditions. Jobs growth in Colorado remains slower than the nationwide average, attributable to a quicker labor market recovery from the pandemic paired with constraints around a more rapidly aging workforce in the state and relatively expensive housing costs.

Wages and Income: Strength in real disposable personal income exists as disinflation outpaces slowing wage growth, and real average hourly earnings have turned positive paired with continued positive returns in non-wage income, such as equities, fixed income, and rental income. As a result, household balance sheets are currently strong on net, but the drawdown of savings has forced lower-income households to rely more on credit. Accordingly, income growth is distributed unequally across the economy with strength concentrated in the top two income quintiles. Going forward, wage growth is forecast to decelerate from currently elevated levels at both the national and state level while non-wage income is expected to maintain resilience as fixed-income investments remain appealing due to relatively high interest rates.

Consumer Spending: Consumer spending remains resilient and has elevated recent real GDP readings above expected levels but is slowing in both the U.S. and Colorado due to constraints on savings and credit, especially for lower-income earners. Colorado retail sales have slowed more quickly than the U.S. thus far this year, likely tied to a faster and stronger resurgence out of the pandemic and possibly an earlier shift from goods to services spending.

Inflation: The U.S. disinflationary path continues, allowing the Federal Reserve to shift its stance away from additional hikes and a slower path of cuts for the federal funds rate. The gap between national and local inflation has narrowed but local inflation remains elevated above national levels as services prices drive 2023 average annual inflation growth to an expected 5.2 percent, compared to 4.1 percent nationwide.

Energy: Increased production in the U.S., as well as other non-OPEC countries, is leading to an expected domestic oil production record in 2023. As a result, oil prices have failed to record sustained growth over the past quarter despite the extension of oil production cuts by OPEC-Plus and swelling geopolitical turbulence and uncertainty in the Middle East. These offsets have resulted in a relatively balanced market, with domestic natural gas production remaining strong in the face of below-average prices. Substantial risk and uncertainty remain as future production decisions or supply disruptions from geopolitical conflicts could cause volatility in the market.

Housing and Rental Market: Given recent home price increases and high interest rates, many homeowners find themselves unmotivated to sell. Meanwhile, potential home buyers are finding that new builds alone are not enough to keep up with existing demand as permits locally and across the nation still lag behind the levels necessary to handle demand. For the time being, slower times to complete projects has served to keep new housing supply stable, but downside risk on completions is on the horizon as permitting is not expected to rebound in the near term.

Demographics: Colorado's demographic composition has been shifting over the last decade with a rapidly aging population that constrains labor supply alongside slowing in-migration and birth rates. A continuation of this long-term trend may also have state revenue and expenditure implications. Colorado will depend on in-migration among young people to maintain economic growth, retain a healthy workforce, support an aging population with increasing public service costs, and supplant income and sales tax revenues as the 65+ population ages out of the workforce and spends less.

Small Business: 47.6 percent of all employed persons in Colorado work for a small business, and that number skews higher in rural communities. Recent data shows that these businesses have faced difficulties related to the inability to continue using personal savings and government assistance. As the combined effects of higher interest rates and tightening of availability for traditional lines of credit take hold, small business owners face an uphill battle, highlighting the need for local financial institutions and technical assistance.

Trade: Net U.S. exports have been reverting back to their pre-pandemic level since spring of 2022 after the U.S. trade deficit peaked at over $116 billion in March. However, the elevated value of the U.S. dollar and weaker international economies may serve as headwinds to the trade deficit in the near-term. Still, a focus on U.S. production and alleviated supply chain pressures will contribute positively to the U.S. trade balance going forward. Colorado's exports are comprised largely of high value-added goods, making them more insulated from variations in price and the business cycle due to their relatively inelastic demand in international markets.

Bottom Line

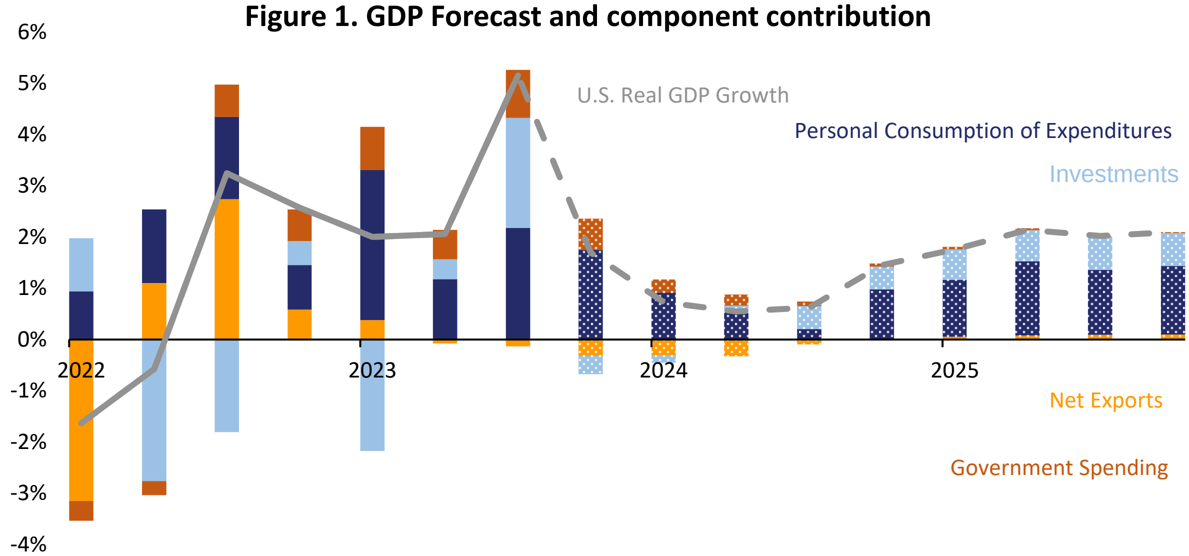
Overall, short-term economic prospects have improved since the previous forecast, largely as a result of resilient consumer spending and elevated real disposable income. A deep or protracted recession is still not currently expected, and OSPB views the likelihood of a recession in the next 12 months to be 30 percent. Future risks are largely weighted to the downside.

Gross Domestic Product

After growing 1.9 percent on average in 2022, the economy maintained similar growth in the first half of 2023. However, GDP picked up significantly in the third quarter of 2023, with 5.2 percent growth, driven by a combination of stronger consumption, investment, and government spending than the previous quarter. Consumption contributed 2.2 percentage points of the 5.2 percent growth due to the service sector's overall strength combined with stronger than previously expected retail sales. Investment contributed 2.1 percentage points with a key driver being inventory growth, while non-residential investment was relatively weak despite the surge of manufacturing construction. Despite strong consumption in the current quarter, continued constraints on lending and falling inventories lead to a drag on growth in the last quarter of the year. Even so, OSPB revised up its 2023 forecast from 2.1 to 2.5 percent.

In the first half of 2024, growth is expected to cool due to demand-driven pressures that slow consumer demand, drag inventory and investment growth, and mute net exports. However, a continued healthy job market is expected to limit the cool-down when combined with easing financial conditions that re-emerge in mid-2024. With easing financial conditions in the second half of 2024 and into 2025, GDP growth picks up as growth in consumer spending and investment contributions bounce back. Overall growth in GDP still remains contained close to potential GDP during that time period due to the lagged effects of monetary policy remaining in restrictive territory. Overall, annual 2024 GDP growth is expected to rise 1.5 percent, 0.4 percent above the previous forecast primarily due to base effects, while 2025 growth is revised down 0.2 percentage points to 1.6 percent as GDP now is expected to return to potential growth a quarter later. Real GDP levels are still expected to exceed the September forecast.

Figure 1. GDP Forecast and component contribution



Source: U.S. Bureau of Economic Analysis; OSPB Forecast

Figure 1 above depicts quarter-over-quarter annualized growth in real GDP, where the gray line represents GDP growth and the bars depict the four respective drivers of GDP growth/contraction: 1) personal consumption expenditures (PCE), 2) inventories and investments, 3) net exports, and 4) government spending.

Personal Consumption Expenditures

Real PCE, the largest component of GDP, has been buoyed by stronger than expected goods demand as well as continued strength in services demand this year. Strong services demand was largely expected, but in the most recent quarter, only about a quarter of the services growth was due to food services, accommodations, or recreation, implying a broader base but also one less linked to taxable services sales. Meanwhile, continued real growth in U.S. durable goods consumption was not expected. OSPB attributes this strength to higher demand for vehicles and other large durable goods purchases now that production delays have subsided. Both of these trends likely represent a split between higher savings rates amongst the wealthiest two quintiles who can more easily afford growth in such consumption, while lower income individuals have run out of savings but continue to depend on access to credit. Looking ahead, there remains a clear shift towards services spending, as real durable goods consumption is expected to turn negative in 2024 while non-durable goods is projected to flat-line mid next year. Additionally, OSPB now assumes that the services share of overall consumption is likely settling at a new normal closer to 65 percent, rather than the 67 percent observed pre-pandemic. Real services spending as a share of overall real PCE spending has been on slight decline since before the pandemic, but the work-from-home lifestyle likely accelerated the country's spending trends to a new steady state. Overall, consumer spending is still rising, but it should grow more slowly due to tighter credit and higher borrowing costs.

Investments (Including Inventories)
Investments are expected to impose a drag in the fourth quarter of 2023 as a dip in inventories more than offsets slight growth in non-residential structures and equipment investment in industries incentivized by the Inflation Reduction Act (IRA) and CHIPS. However, there are sectoral differences in investment, with perceived weakness in commercial real estate also dragging growth. Additionally, residential investment growth is expected to fall this quarter before slowly picking back up in 2024 and 2025 in response to falling monetary policy rates. Similarly, overall investment is not expected to grow in the first half of 2024 as monetary policy likely remains unchanged until the second quarter of 2024 in this forecast.

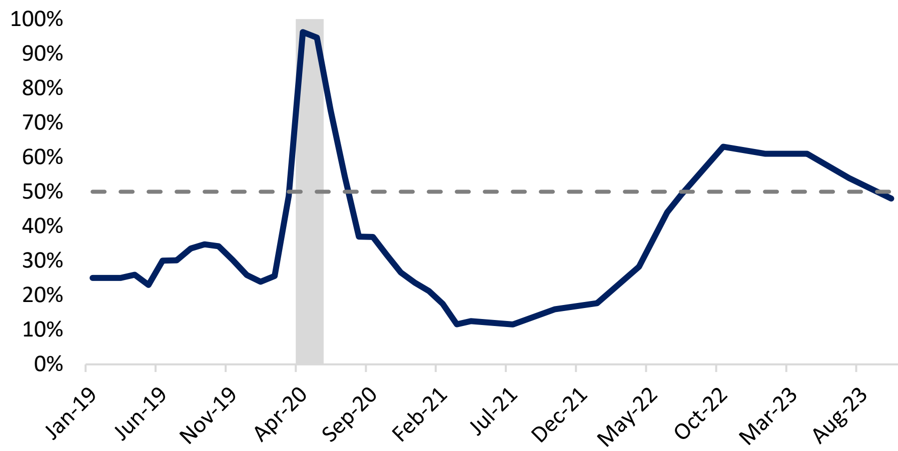
Net Exports
Net exports are expected to be a drag on economic growth over the next year as a strong dollar is expected to limit export growth relative to imports. Additionally, OSPB expects weakening demand in the Euro region alongside sticky disinflation, while Chinese exports are expected to stabilize after a weaker than expected 2023. By the second half of next year, there is limited goods import demand as slowing consumption helps to normalize net exports back toward minimal impact by the end of 2024.

Government Spending
Finally, government spending is expected to have a small positive impact on GDP in the year ahead as the Infrastructure Investment and Jobs Act (IIJA) and the IRA slightly offset the roll off of American Rescue Plan Act (ARPA) funding. IIJA will drive economic activity through a range of infrastructure investments from rail to high speed internet to water infrastructure, and is discussed further in the relevant section below. Additionally, the IRA will incentivize investments in clean energy projects, domestic manufacturing capacity, and subsidize health care costs. However, government spending is expected to flatten more due to the current political climate, driving a near net neutral impact on economic growth in the outyears.

Recession Risk
OSPB decreased its expected likelihood of a recession slightly in the next 12 months to 30 percent, down from 33 percent in the previous forecast. OSPB expects the U.S. to avoid a recession due to strong household finances, transparency of monetary policy, unaligned sector specific downturns, and slow moving commercial real estate drags that avoid a concentrated impact on the broader economy. As shown in figure 2 below, this level of recession risk is below Wall Street Journal's consensus of 48 percent as reported in October though the market

consensus now agrees with OSPB that the baseline point estimate forecast slightly favors avoiding a recession in the next year.

Figure 2. Market Consensus Recession Risk



Source: Wall Street Journal Economic Forecasting Survey

While OSPB has slightly revised up its point estimate forecast of GDP based on the reasons above, it also notes that the current environment would have been considered an upside scenario a year ago. There are now fewer upside risks left and thus the distribution of outcomes around the OSPB baseline scenario is currently weighted more heavily to the downside.

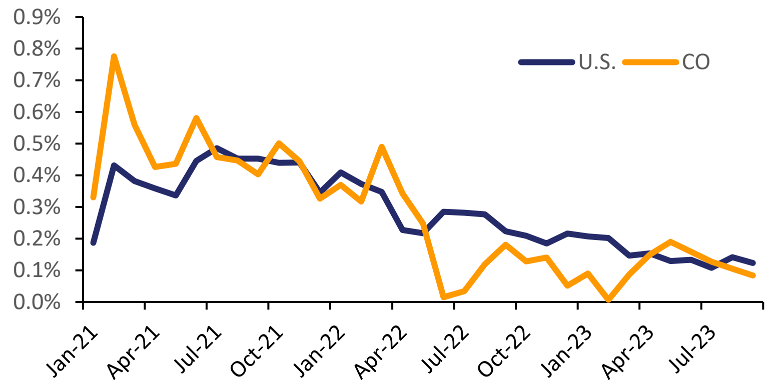
These downside risks include: 1) sticky inflation with concomitant high interest rates which dampen both consumer spending and business investment, 2) increasing consumer debt, 3) exhausted pandemic savings, 4) resumption of student loan payments, 5) lower levels of government spending than anticipated alongside the risk of a government shutdown, 6) a large structural deficit facing federal fiscal policy, 7) possible declines in labor participation due to the closure of childcare facilities resulting from the end of federal childcare subsidies, and 8) geopolitical conflicts around the world including in Eastern Europe, the Middle East, and Asia.

Upside risks include: 1) the labor shortages putting additional upward pressure on real disposable income and consumption, 2) quicker than expected disinflation despite stronger consumer demand, and 3) federal and state policies to support affordable housing and workforce development, which could help bridge existing gaps and further support the economy.

Labor Market

Throughout 2023, both Colorado and the U.S. have experienced cooling job growth. As of November, the U.S. has added an average of 232,000 jobs per month, down from 399,000 per month in 2022; Colorado has averaged 2,900 jobs per month, down from 5,900 per month in 2022. OSPB projects that overall year-over-year jobs growth in 2023 will be 1.4 percent in Colorado and 2.3 percent nationally, down from 4.3 percent for both in 2022. Jobs growth is projected to continue to slow until mid-2025 before beginning to increase again, suggesting a resettling of the labor market following the significant tightening of the last few years. This trend is in line with a general cooling of economic conditions.

Figure 3. Total Nonfarm Job Growth, Three-Month Moving Average, 2021-2023



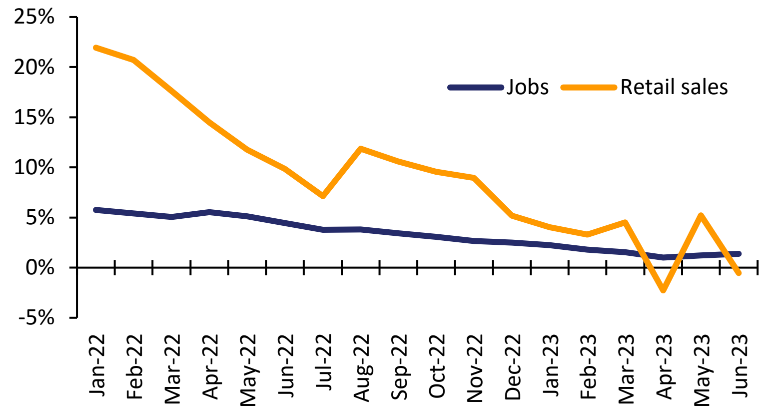
Source: Bureau of Labor Statistics, author's calculations

Figure 4. Jobs Growth, Annual Forecast

	2023	2024	2025
Colorado	1.4%	1.2%	1.1%
United States	2.3%	1.1%	0.8%

The following analysis is based on the current benchmarks used by CDLE and BLS to normalize monthly estimates of total employment; however, it is worth noting that CDLE expects a substantial revision upward early next year when the benchmarks are updated. These benchmarks are based on comparing monthly survey data to administrative records from the Quarterly Census of Employment and Wages (QCEW) once available, and the difference represents the amount that survey data will need to be adjusted to ensure accuracy. However, since the previous benchmarking was done in March, CDLE has observed an undercount in employment for total non-farm jobs, likely due to declining survey response rates, and expects to see that jobs growth this past year has been higher than previously believed. That said, since this data will not be available for several months, OSPB's forecast uses the current benchmarking processes as the basis for analysis, with the caveat that there is the chance for revision in future forecasts once the new benchmark is released.

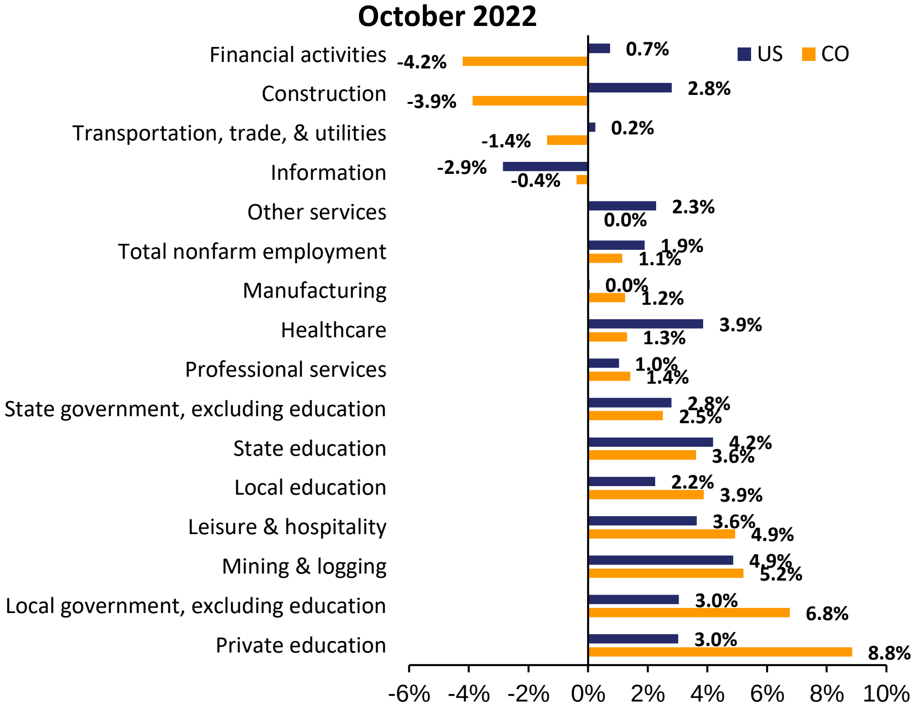
Figure 5. YoY Growth in Jobs and Retail Sales in Colorado, 2022-2023



Source: Bureau of Labor Statistics, Bureau of Economic Analysis

As discussed in OSPB's September 2023 forecast, Colorado has been seeing slower jobs growth than the nation as a whole, attributed to a quicker recovery after the pandemic recession in 2020. Going forward, OSPB expects a reversal of that trend, with jobs growth slowing more for the U.S. as a whole. This trend may be in part due to differences in consumption trends, which often drive job growth. As discussed in more detail in the consumer spending section below, retail sales growth has been higher nationally than in Colorado since June 2023. OSPB anticipates that a slowing of spending, especially on goods, is expected to be a significant driver of general economic conditions going forward. Since Colorado has already experienced this spending slowdown, it is likely that Colorado has already begun to experience the slowing of jobs growth that the U.S. as a whole will face going forward, as both the state and the nation are likely to see slower jobs growth through 2025.

Figure 6. Percent Change in Employment since October 2022



Source: Bureau of Labor Statistics; Colorado Department of Labor and Employment

As a result of these shifting consumption patterns, employers have less need for workers in sectors that are heavily reliant on goods consumption. Since October 2022, Colorado has experienced job losses in five sectors, two of which – Transportation, Trade, & Utilities and Nondurable Goods Manufacturing – have a demand for labor that is most directly driven by consumer spending on goods rather than services. In contrast, the U.S. as a whole has seen increases in employment in both Wholesale and Retail Trade, supporting OSPB's assertions that as consumer spending on goods decreases nationally, overall jobs growth may similarly begin to slow. Colorado has also experienced job losses in Construction, likely related to the temporary slowdown in housing permits, discussed in the "Housing" section. About two-thirds of Colorado construction employees are contractors, and thus OSPB expects labor market dynamics to move more quickly than other sectors if new opportunities emerge. Finally, it is worth noting that Colorado's state and local government and education employment has recovered, with state employment relatively stable and larger gains at the local level.

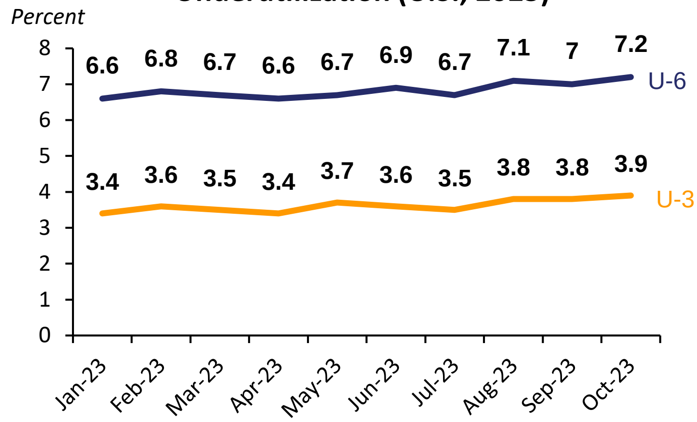
Alongside cooling jobs growth, unemployment has also risen slightly in recent months. Nationally, despite a reduction in the number of unemployed workers in November, unemployment has generally increased in recent months, averaging 3.8 percent since August, up 0.4 percentage points from the low of 3.4 percent in April 2023. It is anticipated that going forward, unemployment will continue to increase. Colorado experienced a 0.1 percentage point month-over-month increase in unemployment, resulting in an unemployment rate of 3.3 percent in October, up 0.7 percentage points from the low of 2.6 percent in August 2022. OSPB anticipates that, in alignment with the cooling labor market, unemployment for the U.S. and Colorado will continue to increase through 2025, peaking in spring 2025, before falling again. While unemployment is rising and is likely to keep doing so, these unemployment rates remain well below the 23-year averages of 5.8 percent for the U.S. and 4.7 percent for Colorado, suggesting that unemployment, like job growth, reflects a resettling of economic conditions. Full expectations for unemployment over the forecast period are shown below.

Figure 7. Unemployment Rate, Annual Forecast

	2023	2024	2025
Colorado	3.0%	3.6%	3.7%
United States	3.7%	4.1%	4.2%

The additional groups of underutilized workers that are unaccounted for by the average but that are likely to become more relevant in the near future are also a part of these headline unemployment numbers. While the difference between the broad U-6 unemployment rate and the headline U-3 rate is relatively stable at present, it is likely to grow due to increases in marginally attached and discouraged workers, as well as those working part-time for economic reasons.[1] First, job flow numbers suggest that the rise in unemployment is more a function of the jobless not finding work than of employed people losing it. According to TLR Analytics, the share of the September unemployed finding work in October fell by 1.7 percentage points while the share of the employed becoming unemployed was unchanged. The share of employed and unemployed leaving the labor force rose 0.1 and 0.8, respectively. These numbers are consistent with the observed increase in discouraged and marginally attached workers, but may also reflect an increase in retirement as the economy stabilizes. Second, it is worth noting that shortages in child care labor and facilities may have resulted in lower labor force participation rates, especially among women. This trend is likely to worsen given the end of federal child care subsidies from ARPA, which expired September 30 and is projected to result in the closure of more than 70,000 child care centers and the subsequent loss of 3 million child care slots. With a decreased supply of child care, many parents – particularly mothers – may be forced to drop out of the labor force entirely due to affordability and availability constraints.

Figure 8. Alternative Measures of Labor Underutilization (U.S., 2023)



Source: Bureau of Labor Statistics

Going forward, OSPB expects that the labor market will continue to stabilize along with other economic conditions, settling at a higher (but still relatively low) rate of unemployment and stable job growth. However, given the recent divergence in employment trends across sectors, it is likely that job growth will be uneven, with some sectors experiencing labor shortages while others face a surplus. As unemployment continues to rise and turnover remains low, it is possible that a reshuffling of workers across industries will occur. Colorado's earlier cooling of the labor market relative to the U.S. indicates that the state may serve as a leading indicator for a cooling national labor market in the near term. Given the increasing importance of prime working age adults (25-54) to Colorado's economy and the implications of the labor and housing markets on net migration, it will be important to monitor industry-specific trends as the post-COVID economy reshapes consumer behavior and thus employers' labor force decisions.

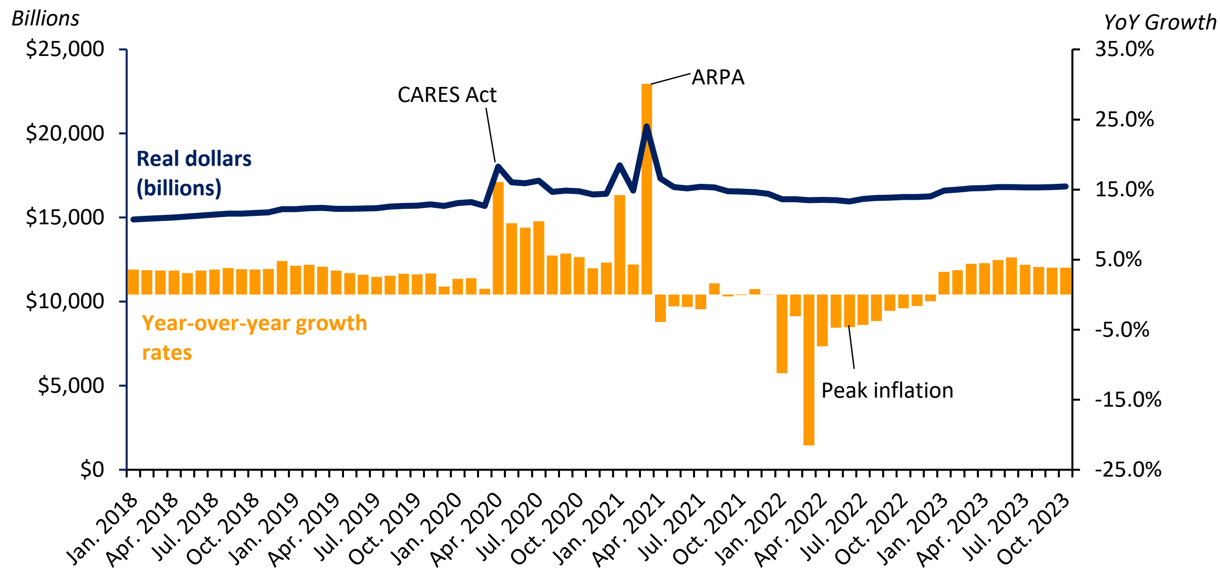
[1] U-3 unemployment refers to the most commonly used measure of unemployment: individuals who do not have a job and have made efforts to find one in the previous four weeks. U-6 unemployment is a broader measure that includes marginally attached workers – those who do not have a job, are not actively looking, but have looked in the previous year – as well as those who are employed part-time for economic reasons.

Wages and Income

Throughout 2023, the national economy has been buoyed by increasing real disposable personal income after it fell in 2022, which has, in some part, contributed to the economy outpacing prior expectations through strong consumption leading to GDP growth above consensus expectations. Strength in real disposable personal income has come to fruition as disinflation outpaced slowing wage growth leading to real average hourly earnings turning positive, combined with continued positive returns in non-wage income, such as equities, fixed income, and rental income. While income growth remains a point of strength in the overall economy during 2023, it is distributed relatively unequally as higher-income earners have been able to weather high inflation and interest rates, while lower-income earners are financially stretched to the point of having a negative savings rate and increasing credit card delinquency rates. Overall, personal income growth continues to power a relatively robust economy despite the strength mostly concentrated in the upper income quintiles.

Following negative real disposable personal income growth in 2022 (-6.0 percent), growth has turned decidedly positive year-to-date in 2023 at 4.2 percent as inflation continues to recede, wage growth remains strong, and non-wage income growth maintains positive momentum. Real disposable personal income reflects personal income that an individual or household has after subtracting income taxes and adjusting for inflation, or what an individual or household has available to spend or save in real terms. Higher real disposable income indicates that an individual has a greater ability to spend. Thus, significant increases over 2023 in this category have provided significant upside growth to the economy as consumption has accelerated at greater rates than previously expected. The balance struck between continual disinflation and strong, albeit slowing, wage growth is providing the consumer greater purchasing power that they did not have in 2022 due to higher inflationary headwinds. As reflected in Figure 9, real disposable personal income saw growth over 2018 and 2019 before sharply accelerating in 2020 and early 2021, largely from government transfer payments provided for in the Coronavirus Aid, Relief, and Economic Security Act (CARES) and ARPA. As inflation reached its peak over 2022, real disposable personal income turned negative as income growth did not keep up with inflation in addition to downward pressure from the roll-off of government transfer payments. With real growth at 4.2 percent in 2023 through October, real disposable income is at its highest growth rate since 2000 (4.9 percent), with the exception of 2020 which saw real growth of 6.4 percent as government transfer payments coupled with low inflation led to large increases in real disposable personal income. This trend in 2023 is providing a significant tailwind to the economy.

Figure 9. U.S. Real Disposable Income Levels and Annual Growth

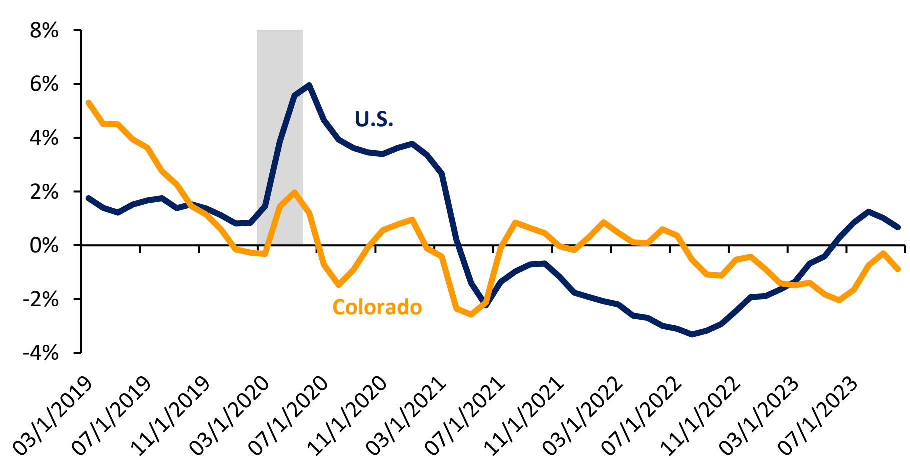


Note: Real disposable income levels displayed in billions of chained 2017 dollars.
Source: Bureau of Economic Analysis

Part of the acceleration in real disposable personal income is coming from real wage growth turning positive at the national level. Year-to-date average hourly earnings growth through October 2023 is at 4.4 percent, outpacing inflation levels over the second half of the year. This comes after 24 straight months of negative real average hourly earnings growth at the national level. Despite strong nominal average hourly earnings growth at the national level of 5.4 percent in 2022, real growth remained decidedly negative due to inflation outpacing earnings growth. In contrast, Colorado was able to maintain flat to positive real growth over much of 2022 as average hourly earnings growth was 7.8 percent, remaining competitive with inflation levels at the time. In Colorado, real average hourly earnings have turned negative since the final quarter of 2022, although they are trending in a positive direction. The divergence between the U.S. and Colorado has led to national

Figure 10. Real Average Hourly Earnings Growth

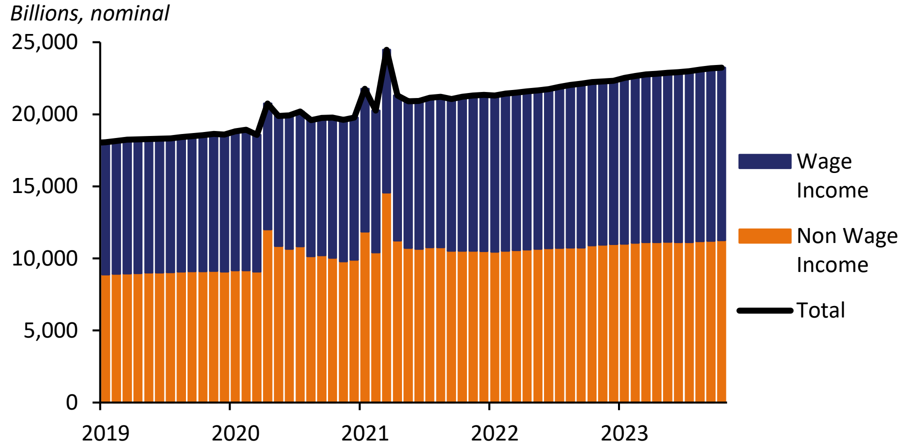
3-Month Rolling Average



retail sales outpacing statewide retails year-to-date in 2023, as average consumers at the national level have a greater ability to spend than in Colorado.

As wages remain strong at a nominal level and are turning positive in real terms, non-wage income continues to provide a boon to overall personal income as well. Non-wage income consists of equities, fixed-income investments, proprietors' income, rental income, government benefits, and other income not generated from employee wages. Thus far in 2023 (through October), non-wage income stands at 4.4 percent, outpacing inflation levels, yet not quite as strong as overall wage growth, which is currently at 6.1 percent year-to-date. Looking forward, the labor market is expected to loosen from current levels, which will place downward pressure on wage growth. As treasury bonds and other fixed-income investments provide strong outlets for investors from other assets as the economy slows, there is likely to be further parity among wage and non-wage growth in 2024. These appealing fixed-income investments at above-average interest rates will also provide an overall boon to personal income growth through the forecast period.

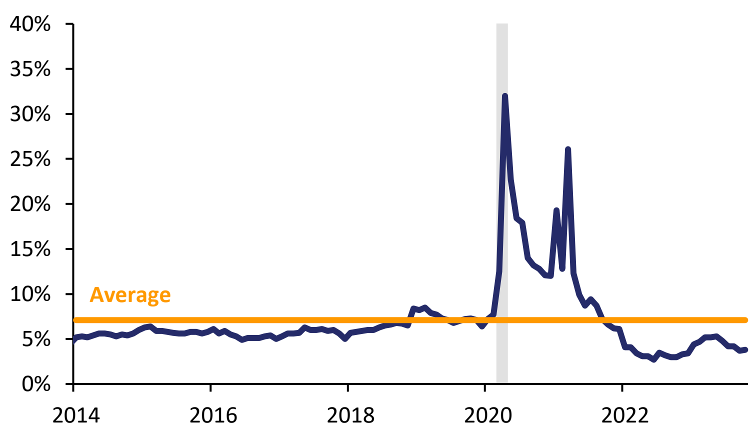
Figure 11. U.S. Wage vs. Non-Wage Income



Source: Bureau of Economic Analysis

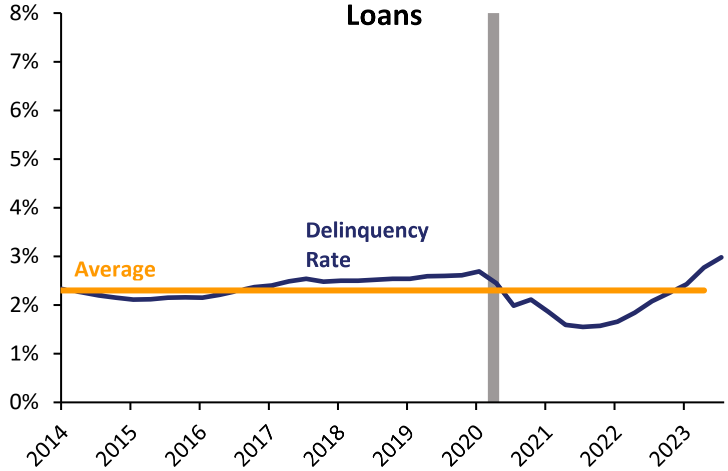
Despite strong overall income growth, there are weaknesses surfacing with the national savings rate below the ten-year average alongside above-average credit card delinquency rates, reflecting increasingly distressed consumers with fewer savings and increasing revolving debt. While real personal income growth on aggregate continues to power the overall economy, the distribution of its positive impacts are concentrated among the two highest income quintiles, while the lowest three income quintiles are seeing the most financial distress. Recent research from Moody's found that the top 40 percent of income earners maintained a double-digit savings rate above ten percent, while the bottom 60 percent of income earners had a negative savings rate of nearly -5.0 percent. The overall savings rate

Figure 12. U.S. Savings Rate



Note: Shaded areas denote recession
Source: Bureau of Economic Analysis

Figure 13. Delinquency Rate on Credit Card Loans



Note: Shaded areas denote recession.
Source: Board of Governors of the Federal Reserve System

currently stands at 3.8 percent as of October 2023 compared to the ten-year average of 7.1 percent.

Similarly, credit card delinquency rates are higher among lower-income quintiles, as the overall delinquency rate is currently 3.0 percent compared to the ten-year average of 2.3 percent. While the current delinquency rate is just above the long-term average, the trajectory has turned sharply positive and has nearly doubled since the recent trough in 2021. Further, even though lower-income earners make up the greatest share of delinquencies, all income quartiles are now above their pre-pandemic levels, reflecting more financial distress among all income earners compared to pre-pandemic levels.

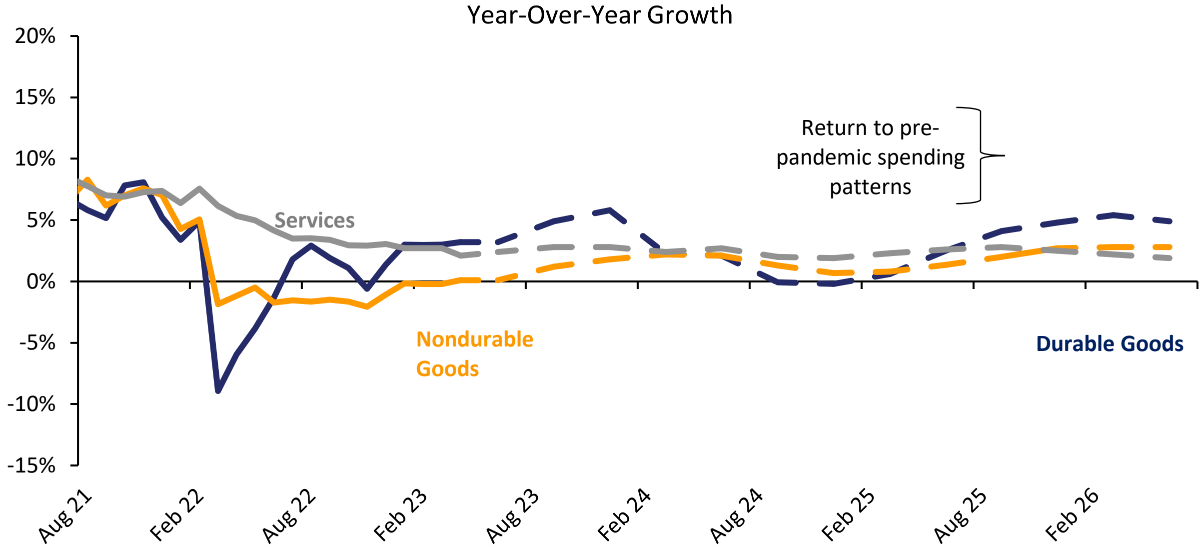
Overall, much of the surprising strength in the economy over 2023 has come from real personal income growth powering consumption to a greater degree than previous OSPB or consensus forecasts estimated. This strength is most pronounced in real disposable personal income, which is on pace this year for its second-highest growth rate recorded since 2000, reflecting an economy in which individuals have a greater ability to spend. However, this ability is spread across the economy in an uneven manner with lower-income groups facing more financial distress compared to higher earners. Going forward, wage growth is forecast to continue to decelerate from currently elevated levels at both the national and state level as the labor market loosens, while non-wage income is expected to maintain resilience even with a minor economic slowdown as fixed-income investments remain appealing due to high interest rates.

Consumer Spending

Consumer spending has demonstrated sustained resilience since the beginning of 2023. However, amid mounting headwinds, the surge in spending has reached a point where an inevitable slowdown is anticipated as the year draws to a close. Previous OSPB projections anticipated a national decline in consumer spending to commence in the latter half of the year, but this deceleration has proven to be more gradual than initially anticipated. Signs of a spending slowdown started to show in Colorado earlier than at the national level as year-over-year retail sales growth has been higher nationally than in Colorado since June 2023. The second quarter of 2023 witnessed strength in spending at the national level as real personal consumption expenditures (PCE) grew at a rate of 1.6 percent from the previous quarter, primarily due to higher than expected durable goods spending and elevated services spending growth. Contrary to forecast expectations, the upswing in spending, especially durable goods spending, has persisted through the third quarter of 2023. Nevertheless, OSPB anticipates a deceleration in real spending during the first half of 2024, with a subsequent return to historical trends in 2025.

Figure 14. Real Spending by Category

Year-Over-Year Growth

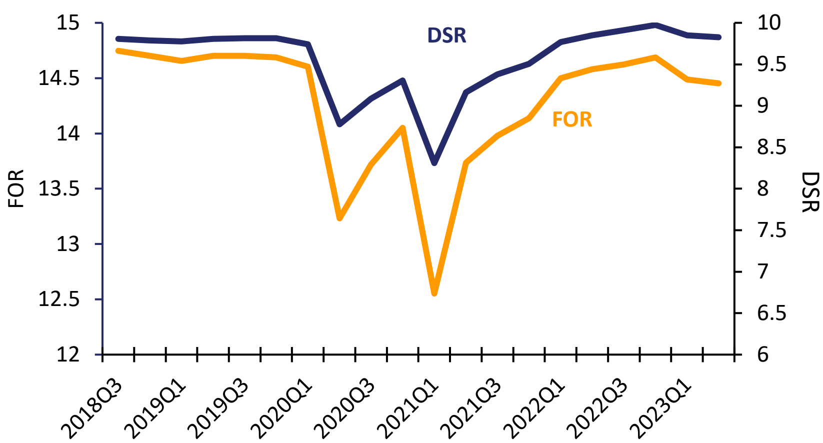


Note: Dotted line indicates forecast.
Source: Bureau of Economic Analysis

On the retail sales front, national sales recorded 1.6 percent year-over-year growth in the second quarter of 2023, experiencing an uptick to 3.0 percent in the third quarter. However, a slowdown in consumer spending is expected entering the last quarter of the year as spending is not expected to outperform the 2022 holiday season. Real spending at both the national and state level is expected to slow further before returning to trend towards the end of 2024. Additionally, retail sales growth has come in below the inflation rate for the past two quarters, resulting in negative real sales growth for both quarters. Overall, national retail growth is expected to continue to outperform Colorado retail growth until 2025.

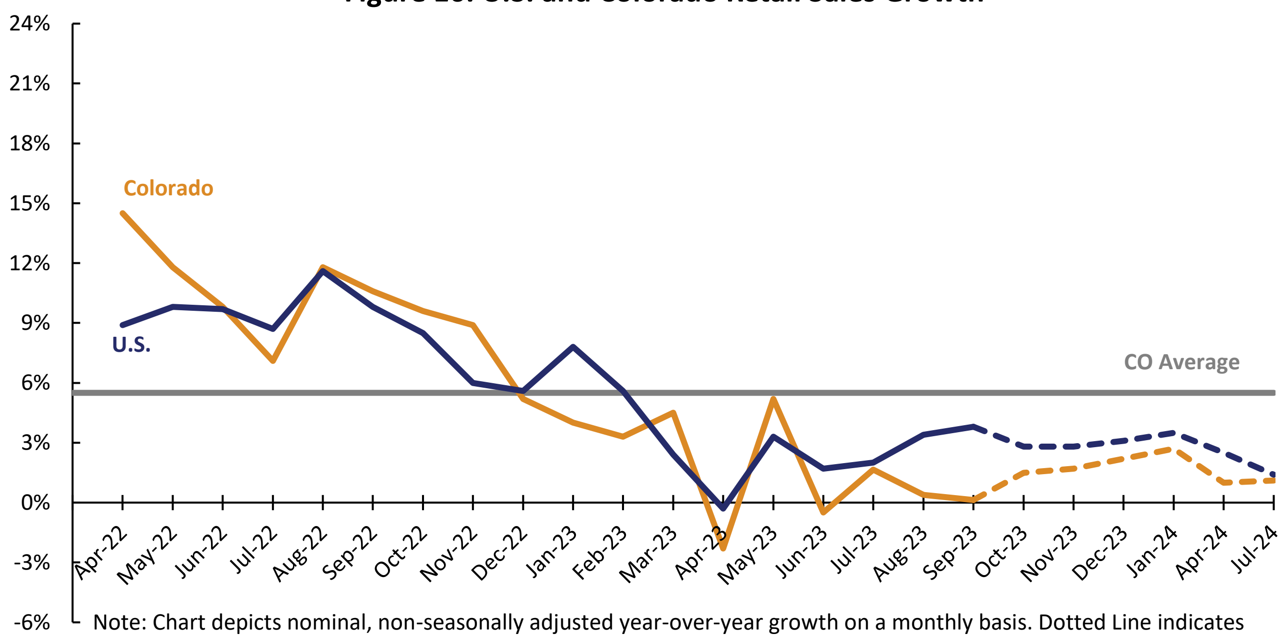
Consumers have exhibited sustained resilience in their spending behaviors, navigating through inflationary pressures, heightened interest rates, and dwindling savings. This spending endurance is underpinned by several factors, including increasing real disposable income over 2023, a robust labor market, surplus savings within the top two income quintiles, elevated consumer credit, and overall wealth accumulation predominantly concentrated among the higher income quintiles. The highest earners are the backbone of this continued spending strength, however, accumulated excess savings among this group is not indicative of continued spending going forward. Higher-income quintiles seem to be holding on to their excess savings with no intention of using it to sustain spending habits, while the lower-income groups have diminished any pandemic savings. Consumer spending has reached a point where sustaining such elevated levels of spending has become challenging for consumers and an anticipated shift towards flattening spending before returning to pre-pandemic spending patterns is increasingly evident. Indications of this reversion can be discerned by examining the emerging financial burdens experienced by consumers. Nationally, the Debt Service Ratio (DSR - ratio of total required household debt payments to disposable income) and the Financial Obligations Ratio (FOR - a broader measure than DSR) are returning to pre-pandemic levels, as seen in figure 15.

Figure 15. Consumer Burden Returning to Pre-Pandemic Levels



This increasing burden on the consumer will start to put downward pressure on spending going into 2024. In addition to increasing financial burdens, consumers are grappling with heightened interest rates, particularly for credit cards, along with stricter lending standards. Notably, the DSR incompletely captures the potential financial strain resulting from spikes in interest rates, primarily because the majority of consumers presently are facing fixed interest rates. These effects are expected to amplify the financial burden on consumers as 2024 begins.

Figure 16. U.S. and Colorado Retail Sales Growth



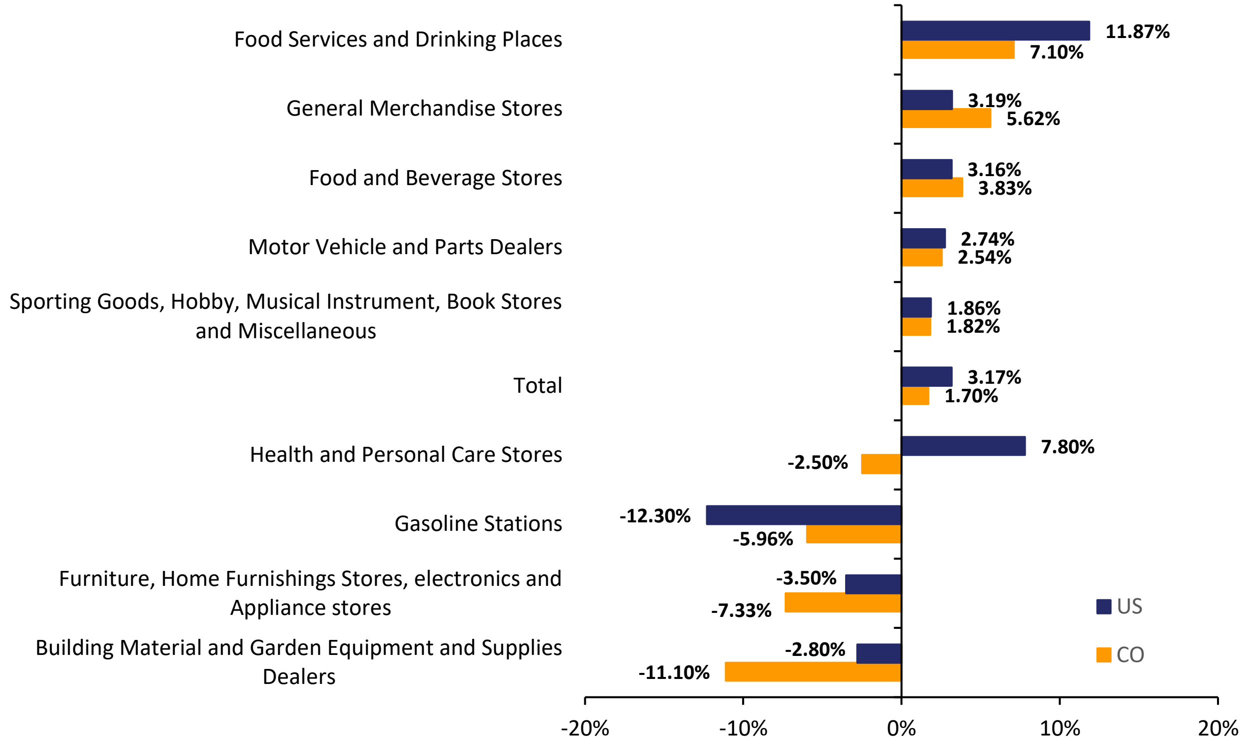
Note: Chart depicts nominal, non-seasonally adjusted year-over-year growth on a monthly basis. Dotted Line indicates forecast.
Source: U.S. Census Bureau, Colorado Department of Revenue, OSPB December 2023 Forecast

As seen in figure 16, national retail growth has started to outperform Colorado retail growth since the second quarter of 2023. This pattern persisted into the third quarter, with year-over-year growth reaching 3.0 percent growth observed at the national level in contrast to 0.7 percent in Colorado. Despite national sales outperforming those at the state level, both are anticipated to experience a downward trend as we progress into the fourth quarter of the year. Nevertheless, fueled by robust consumer spending in the third quarter, OSPB has revised up national retail growth expectations to 3.1 percent for 2023 from 2.7 percent. Going into 2024, the various headwinds confronting consumers – such as high interest rates, a loosening labor market, and pessimistic consumer sentiment – are expected to begin to influence outcomes. These headwinds are anticipated to result in a slower annual national retail growth for 2024 at 2.6 percent. Due to the observed retail slowdown in the second and third quarters for Colorado, there is a downward revision to the annual retail growth forecast. OSPB now projects annual retail growth in Colorado to be 1.8 percent in 2023 and 2.3 percent in 2024, a downward revision from 2.3 percent and 3.2 percent respectively.

Colorado's relative weakness relative to the nation indicates a decline in spending below pre-pandemic levels before stabilizing at the state level with consumer spending returning to pre-pandemic levels. The observed slowdown could be more pronounced due to the inflationary pressures Coloradans are facing. One indicator that can be used to understand the consumer's mindset in Colorado is the Household Pulse Survey, which is a bi-weekly survey conducted by the U.S. Census Bureau. Close to 26 percent of Coloradans between the ages 24-39 are using credit cards or loans to meet spending needs compared to 21 percent nationally and nearly 22 percent of 65 and above Coloradans are using money from savings or selling assets or possessions to meet spending needs compared to 16 percent nationally. More importantly, according to survey findings, the majority of Coloradans (across all age groups) are finding their regular income sources insufficient in meeting their spending needs. Going into the last quarter of 2023, it is anticipated that higher earners will be the primary contributors to sustained spending strength during this holiday season. The 2023 Deloitte Holiday Retail Survey found that nearly 30 percent of shoppers (high spenders evenly split between men and women, and with an annual income greater than $100K) will be responsible for approximately 70 percent of holiday spending. Overall, holiday retail spending is expected to grow at a slower pace in 2023 after above average growth between 2020 and 2022. According to McKinsey[2], consumers this year are more price sensitive and less inclined to splurge than they were in 2022.

[2]https://www.mckinsey.com/industries/retail/our-insights/us-holiday-shopping-2023-consumer-caution-and-retailer-resilience

Figure 17. Retail Sales Growth by Industry (Q1-Q3 2023)

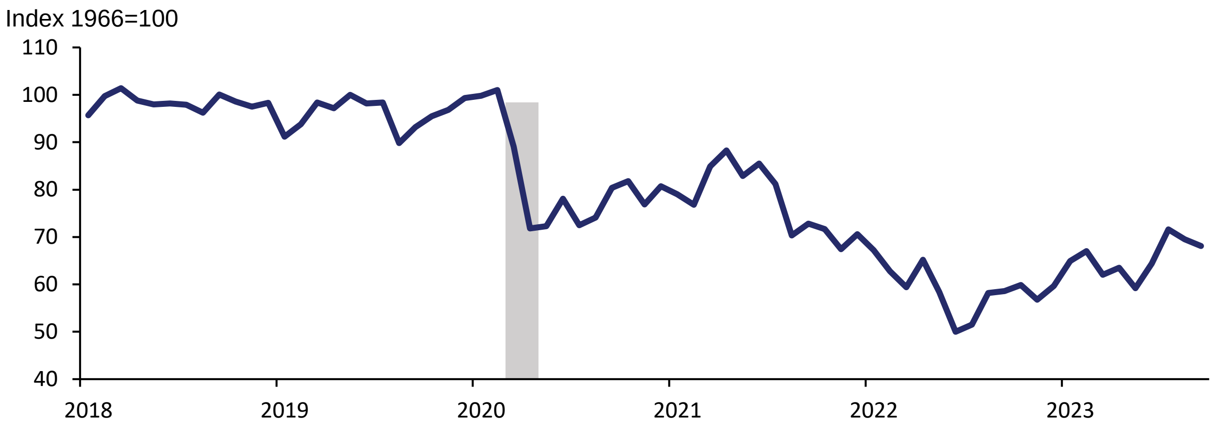


Note: Year-over-year Percentage Change
Source: U.S. Census Bureau, Colorado Department of Revenue

As seen in figure 17, there is only one industry that has outperformed national retail in the state for 2023 to date: general merchandise stores. In contrast, during this time period, Building Material and Garden Equipment, as well as Furniture and Home Furnishing stores, experienced significant negative growth. This aligns with the fact that the Colorado housing market has been slowing more relative to the national housing market during 2023. One industry which saw a significant decline in retail sales both for U.S. and Colorado is gasoline stations. However, this decline can be attributed primarily to the drop in gasoline prices rather than a reduction in gasoline consumption. Gasoline prices across the U.S. registered significant price drops in 2023, indicating that the quantity of gasoline purchased remained relatively stable at both the national and state levels. Restaurants and drinking places, which have always played a pivotal role in driving consumer spending, saw a steady increase in sales growth for both U.S. and Colorado during the year.

Consumer sentiment has remained at historic lows throughout much of 2022 and 2023 and expectations are that these prolonged pessimistic sentiments will start to hamper spending at the end of 2023 and into 2024. The consumer sentiment index dropped further in October as seen in figure 18. As mentioned in earlier forecasts, these prolonged negative sentiments have not yet been fully reflected in actual spending data, as spending has outpaced expectations all throughout 2022 and 2023 despite sentiment being down. Notably, sentiment is deteriorating more significantly within the bottom and middle 33 percent of the income bracket, with both groups registering their lowest consumer sentiment scores since the beginning of 2023. For the bottom 33 percent of earners, October marked a negative 2.5 percent year-over-year change in consumer sentiment, indicating that these consumers feel less optimistic going into the holiday season this year as compared to last season.

Figure 18. University of Michigan Consumer Sentiment



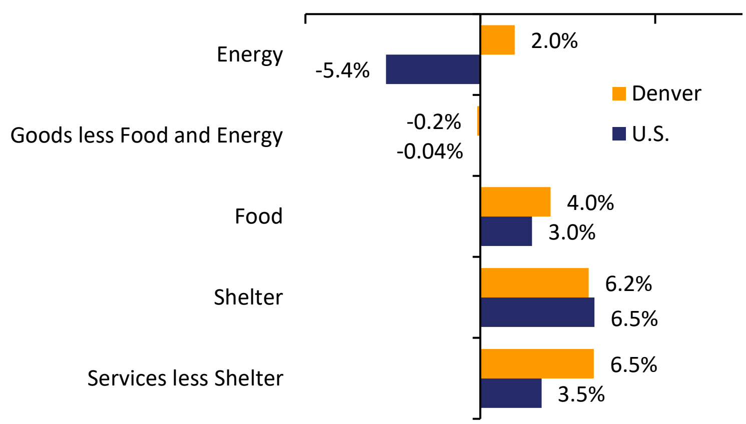
Note: Shaded areas denote recession
Source: University of Michigan

In conclusion, the OSPB forecast for the upcoming period describes a slowing landscape for consumer spending. As the economy settles into new spending patterns, weakening consumer resilience is expected to slow spending, hampering retail growth. The lower half of the income scale, which has played a pivotal role in boosting retail growth both at the state and national level recently, continues to grapple with escalating debt burdens, diminishing savings, and rising inflationary pressures. These challenges imply an impending shift in spending patterns for this demographic. Consumer spending is projected to slow in the first half of 2024, with a modest dip in real spending in the middle of the year. Both durable and non-durable goods spending are expected to level off in the near-term, with a return to their trend shares of overall consumption by the beginning of 2025. Looking ahead, there remains a clear shift towards service spending as current lifestyle changes (such as work-from-home) are expected to move services spending to a new steady state, which is slightly lower than the services share of overall consumption prior to the pandemic. Overall, the robustness of consumer spending is expected to weaken, leading to a slowdown in growth in the upcoming quarters, followed by a subsequent recovery.

Inflation

Year-over-year consumer price inflation (CPI) rates continue to decline in both Colorado and the U.S., though a gap remains between national and local declines due largely to elevated service inflation in Denver and lagging disinflation in the energy component of CPI locally.[3] Notably, however, the gap between local and national inflation narrowed in November as local shelter inflation came down in line with national levels. On net, U.S. CPI has largely come in around expectations in recent months while local CPI exceeded expectations through September but has since abated as anticipated. Since the data available in the previous forecast, U.S. inflation came down from 3.7 percent in August to 3.1 percent in November as a result of continued energy deflation (-5.4 percent) and consistent disinflation in both the shelter (down 0.7 percentage points) and food (down 1.3 percentage points) components. Local CPI dropped considerably in the most recent reading to 4.5 percent in November as shelter inflation dropped 1.3 percentage points from 7.5 percent in October to 6.2 percent. Energy also dropped to from 4.6 to 2.0 percent growth year-over-year, while service price growth remains elevated over the U.S. The graph to the right compares U.S. and local inflation by category for November.

Figure 19. YoY Inflation by Major Component November 2023, Denver vs. U.S.



Source: Bureau of Labor Statistics; Author's Calculations.

As discussed in more detail below, the prolonged divergence between U.S. and local inflation has begun to close in recent months and is expected to return to more historical levels (0.5 percentage points or lower) by mid-2024 as the following forces play out:

1. Existing disparities between energy prices in Colorado continue to rebalance as expected in-line with prices across the U.S.;
2. Service inflation falls as consumers pull back on elevated services spending.

Overall, inflationary expectations for U.S. CPI are unchanged from the previous (September) forecast at 4.1 percent in 2023, 2.7 percent in 2024, and 2.5 percent in 2025. This U.S. inflationary path anticipates a relative flattening of the disinflationary pace through the end of the year due

[3] Note, local inflation is measured as CPI in the Denver-Aurora-Lakewood metro area; thus, it is possible that other portions of the state may have experienced divergent rates of inflation as compared to this metro area.

to consumer demand and seasonal effects followed by descent below 3.0 percent starting in January 2024. Colorado inflation has been revised up 0.2 percentage points to 5.2 percent in 2023, and remains unchanged at 3.1 percent in 2024 and 2.9 percent in 2025. Recent inflationary data and forecasts are discussed in more detail by component below, in addition to further context around current financial conditions and monetary policy expectations.

Energy

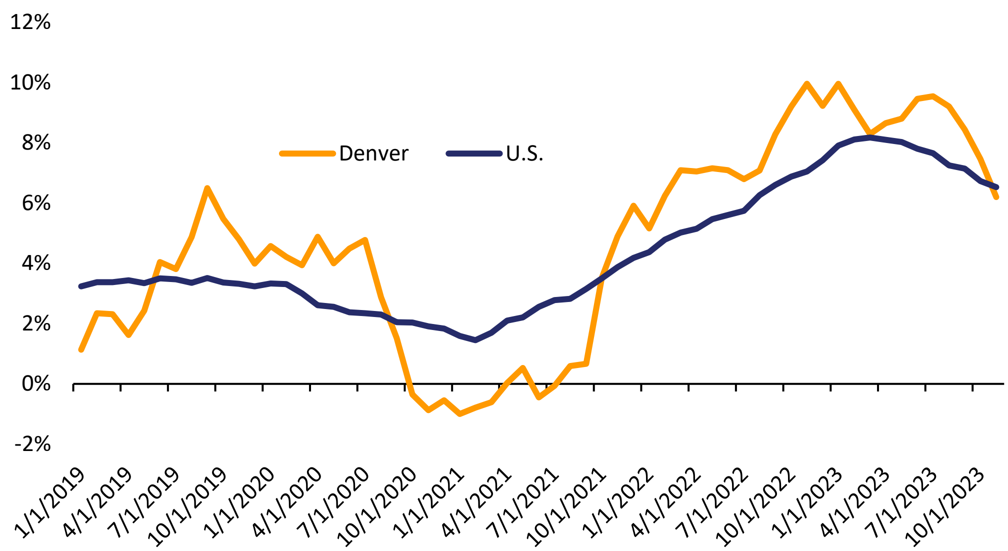
- *Recent Data:* After large year-over-year increases in energy prices in the first quarter of 2023, energy prices have generally come down both nationally and locally. U.S. energy prices are down 5.4 percent year-over-year in November, while Colorado energy prices continue a disinflationary path but remain up 2.0 percent year-over-year. A large part of recent declines comes from retail gasoline prices, which were down 13 percent month over month in Colorado in November.
- *Factors Driving Prices:* Multiple competing effects continue to affect energy prices across the U.S. Namely, energy price demand has declined moderately due to slower economic growth across the globe. Further, as discussed in the energy section, OPEC-Plus production cuts balance with increased U.S. production to create near term (and recent) declines in energy prices, but on net lift the energy price forecast compared to previous expectations over the course of the rest of the forecast period.
- *Expectations:* Temporary global and local price shocks drove up oil and gas prices in the summer of 2022, causing natural gas prices (Henry Hub) and oil prices (WTI) to peak in August and June 2022, respectively. Now that these shocks have largely resolved, year-over-year energy inflation has fallen from those levels. However, OPEC-Plus production cuts net increased domestic production will lift the price forecast slightly going forward. OSPB expects that both U.S. and Colorado energy inflation will be near flat through the rest of the 2023 and into 2024.

Shelter

- *Recent Data:* U.S. shelter inflation has declined 1.7 percent to 6.5 percent in November from a peak of 8.2 percent in March 2023. Monthly growth for the past quarter has averaged 0.48 percent (5.9 percent annualized). Colorado shelter prices were trending downward more slowly, but notably dropped 0.9 percentage points from 8.4 percent to 7.5 percent in just one month from September to October followed by an additional 1.3 percentage point drop to 6.2 percent after some price stickiness over the summer. Notably, the gap between local and national shelter inflation has reversed from +1.9 percentage points locally in June to -0.3 percentage points locally in November.

Figure 20. Monthly Shelter Inflation

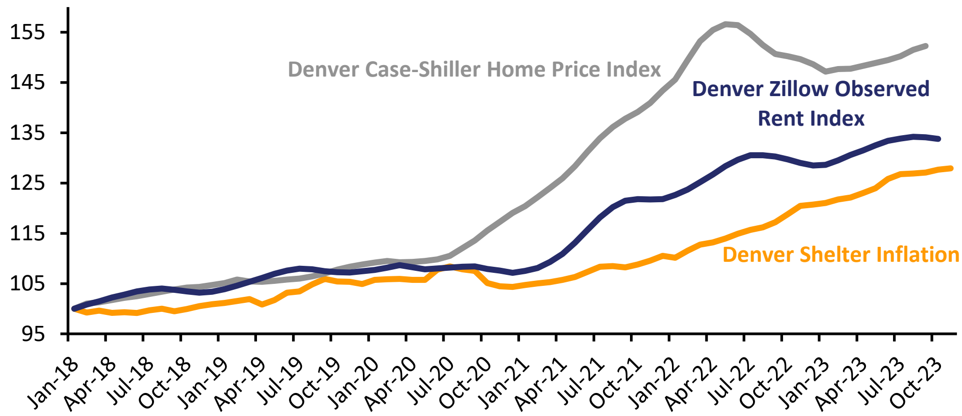
Denver vs. U.S., YoY



Source: Bureau of Labor Statistics.

- *Factors Driving Prices:* Shelter inflation is stickier than prices across the broader housing market because it is based on rental pricing (observed and imputed), but generally is still responsive to higher interest rates and slower demand over time. The shelter inflation measure also generally tracks well with the Zillow observed rent index, which shows that Denver rental prices have only increased by 1.7 percent over the past six months. However, the measure often still takes time to calibrate upward or downward during high-change times. As the graph below shows, Denver shelter inflation has largely closed the gap with the Zillow rent index and is thus anticipated to flatten in slope akin to the behavior of rental prices.

Figure 21. Denver Shelter Inflation Close-Up



Source: U.S. Census Bureau, CO Department of Revenue, and Zillow.
Indexed to Jan. 2018.

- *Expectations*: U.S. shelter inflation is expected to continue to decline from its current rate of 6.5 percent in November 2023 to 3.7 percent by December 2024, consistent with a return to monthly inflation rates of 0.3 percent starting in February 2024. 0.3 percent monthly shelter price growth is just slightly elevated above pre-pandemic levels of 0.27 percent (2018-2019) and reflects the fact that while supply continues to lag, price growth is resuming a more "normal" trajectory. Along similar lines, Colorado shelter inflation is also expected to decline to 3.9 percent by the end of 2024 given four considerable months of disinflation from 9.5 percent in July to 6.2 percent in November.

Goods minus Food/Energy

- *Recent Data:* Goods inflation has largely been flat to negative in recent months in both Denver and the nation as a whole. U.S. goods inflation came in flat at 0.0 percent year-over-year in September through November and local goods inflation has come in slightly negative in recent months (-0.8 percent on average year-over-year July through November). Prices for both national and local goods are expected to remain relatively flat through the end of 2024.
- *Factors Driving Prices:* Relatively slower goods demand as compared to previous years paired with the resolution of temporary price bumps for core goods, such as used cars, has driven goods inflation to near 0 percent or below both locally and nationally. Temporary hiccups in these disinflationary trends for core goods translated to higher goods inflation in the first half of 2023. However, these temporary factors have largely resolved and goods inflation has resumed a relatively flat trajectory.
- *Expectations:* Goods inflation is expected to remain relatively flat through most of 2023 in both the U.S. and Denver, with year-over-year prices expected to be 0.8 percent up in December 2024 for the U.S. and 0.9 percent to round out 2024 for Denver.

Food

- *Recent Data:* Food price inflation has largely declined both nationally and locally in recent months. Year-over-year U.S. food price growth declined to 3.0 percent in November and Denver food price growth bumped up just 0.1 percentage points to 4.0 percent in November.
- *Factors Driving Prices:* Nearly two years into the Russia-Ukraine conflict, the effects on prices of commodities including corn and wheat are largely built into the price base. Other factors including high input prices for fertilizers and climate impacts on shipping and crop yield across the country have also shows signs of flattening after accelerating at historical levels during and coming out of the COVID-19 pandemic. Risks continue related to each of these factors, but the outlook for food inflation is largely downward.
- *Expectations:* Food prices have come in largely in-line with expectations in recent months. Continued declines in the rate of food price inflation from peak levels in late 2022 and early 2023 mean that overall food price inflation for 2023 is expected to come in at 5.8 percent, largely as anticipated by OSPB and in-line with recent USDA forecasts. Going forward, OSPB anticipates that food price inflation will remain low, averaging 3.2 percent in 2024 for the U.S. These expectations are largely consistent with expectations from the Economic Research Service at the U.S. Department of Agriculture, which forecasts 5.8 percent food price growth on average in 2023 and 2.9 percent food price growth for 2024.[4] Notably, food price growth going forward into 2024 is expected to be concentrated in meat products, but constrained by low (or negative) price growth in eggs, dairy, fruits and vegetables, and grains, all of which experienced spikes in prices in 2022 or 2023.

Services (minus shelter)

- *Recent Data:* Services inflation continues to be a driver of elevated headline CPI alongside shelter inflation and, while it has largely retracted at the U.S. level, it has ticked up in recent months in Colorado. U.S. services inflation came in at just 3.5 percent in November. Colorado services inflation has remained elevated at 6.5 percent in November after jumping to 6.0 percent in July and is only 0.9 percentage points lower than its peak of 7.4 percent in March 2022.
- *Factors Driving Prices:* Service inflation is tied largely to shifting consumer demand toward services spending and away from goods as wealthier households continue to spend on services such as airfare and dining out. Elevated wage growth in the service industry may also be continuing to put upward pressure on service prices. However, these pressures have begun to alleviate as reflected in recent data, especially on the U.S. side. Services, however, are growing more quickly in Colorado, likely as a result of services demand and lagged effects of higher wage growth in the state.
- *Expectations:* Service inflation is expected to continue its largely downward trajectory in the U.S. as a result of slower wage growth. Colorado service inflation is expected to remain elevated at or around 6.0 percent for a few months due seasonal impacts affecting

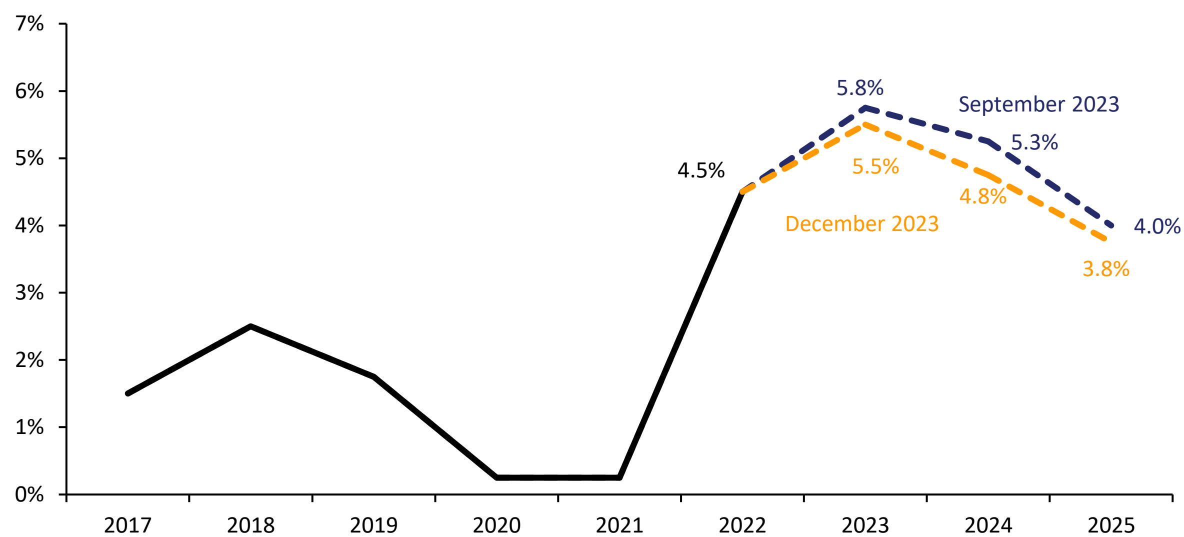
[4] https://www.ers.usda.gov/data-products/food-price-outlook.aspx

the year-over-year figure in Colorado before resuming a downward trajectory. Year-over-year U.S. service inflation is expected to settle at 3.1 percent by December 2024 and Colorado service inflation is expected to decline to 3.8 percent, notably still driving more inflationary pressure in Colorado than the U.S. as a whole through the end of 2024.

Financial Conditions

As U.S. inflation has continued its disinflationary path despite a slow recovery of shelter inflation and stronger than previously expected consumer demand, the Federal Reserve has shifted its stance away from additional hikes and a slower path of cuts for the Federal Funds Rates. Based on the December 2023 Summary of Economic Projections (SEP) published by the Federal Open Market Committee, OSPB expects that the hiking cycle is complete and that at least one additional cut is expected relative to September expectations, see figure 22. After the July 2023

Figure 22. FOMC End of Period Fed Funds Rate Upper Bound Expectations



Source: Federal Open Market Committee's Summary of Economic Projections

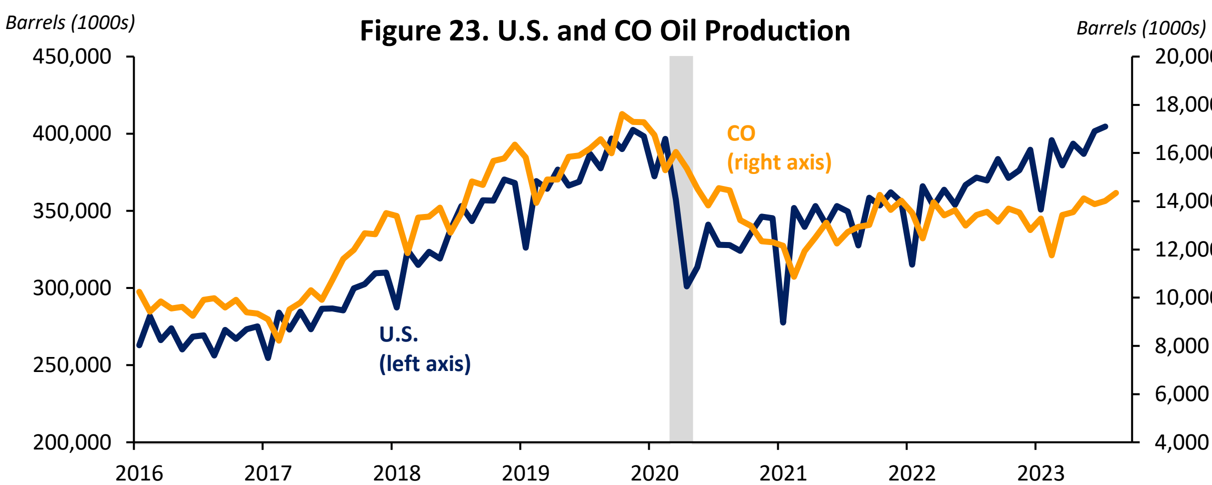
hike, the Federal Reserve took a pause to assess how their actions to date would flow into the economy. Despite strong consumption and a better labor market than previously expected, the Fed expects continued disinflationary progress by remaining in restrictive interest rate territory despite a quicker path of cuts. Market consensus of recession risk has dropped slightly as well, with many viewing slightly less tight monetary policy as sufficient to support a possible smooth landing that the policymakers hope to achieve. OSPB expects at least three cuts in 2024 based on the SEP, with some upside potential for a fourth cut if the OSPB inflation and labor forecasts are correct. The cuts could come as early as March, but are more likely to begin in June as economic growth and consumption slow, followed by cuts every other Federal Open Market Committee meeting in 2024 and 2025 as the committee slowly works its way out of restrictive territory.

Despite easing monetary policy, credit standards for banks are tightening, even after deposit outflows have stabilized following a tenuous spring. The first reason for this is likely considerations of risk exposure to commercial real estate (CRE) that shifts asset portfolios away from that industry, due to a recognition that CRE firms are experiencing a deterioration of collateral value and credit quality within the industry. Second, banks are beginning to build up provisions across all lines of business to cover potential loan losses as recession fears still loom. Additionally, a downside risk could occur if there was a renewed rise in long term rates, which might reignite concerns about banks' balance sheets.

Energy

Despite the extension of oil production cuts by OPEC-Plus coupled with geopolitical turbulence and uncertainty in the Middle East, oil prices have failed to record sustained growth over the past quarter even with short-lived rallies at times during the period. Production cut decisions by OPEC-Plus have largely been offset by increased production in non-OPEC countries, led by the United States, which is projected to set an oil production record in 2023. These offsets have resulted in a relatively balanced market, with domestic natural gas production also remaining strong in the face of below-average prices. Retail gasoline prices have dropped considerably since the September forecast in response to falling oil prices. Although energy commodity prices have seen relative stability compared to 2022, upside risk remains from continued production cuts from OPEC-Plus and geopolitical conflicts potentially disrupting supply.

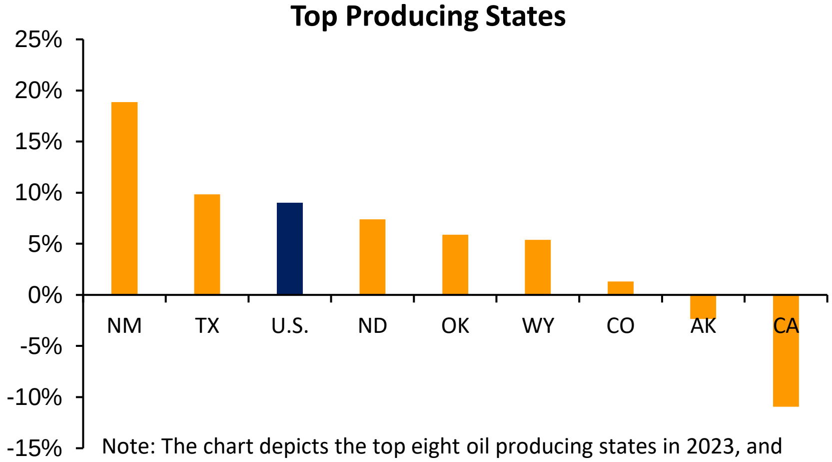
Figure 23. U.S. and CO Oil Production



Note: Shaded area denotes recession
Source: Energy Information Administration

Although OPEC-Plus production decisions have constrained global oil supply, domestic oil production in the United States has largely offset those production cuts. In August, U.S. oil production hit a record high at 404.6 million barrels, beating the previous monthly record set in December 2019 of 402.4 million. Thus far in 2023, domestic oil production is outpacing 2022 levels by 9.0 percent through August per Energy Information Administration (EIA) data, and the EIA forecasts that annual 2023 domestic oil production of 12.9 million barrels per day will beat the previous record set in 2019 of 12.3 million barrels per day. Compared to 2019, oil production is pacing 6.0 percent higher in 2023 through August. Looking to 2024, the EIA forecasts domestic oil production to increase by 1.9 percent and break the annual record once again at an estimated 13.2 million barrels produced per day.

Figure 24. 2023 Domestic Oil Production Growth by Top Producing States



Note: The chart depicts the top eight oil producing states in 2023, and their year-over-year production growth. Data through August.
Source: Energy Information Administration

Colorado production is recording slow growth in 2023 at 1.3 percent above 2022 levels through August, but it still remains 12.3 percent off the pace from the record level the state set in 2019. Despite the slower growth in the state compared to the nation, Colorado is the fourth-highest oil producer in the country at 462,000 barrels per day behind Texas at 5.5 million, New Mexico at 1.8 million, and North Dakota at 1.2 million as of June 2023. The strength of overall domestic oil production growth has come from the Permian Basin with Texas seeing 9.8 percent production growth and New Mexico recording 18.9 percent growth thus far in 2023. Federal offshore production in the Gulf of Mexico has also registered positive growth of 8.6 percent. In 2024, this forecast assumes positive, yet relatively flat, year-over-year oil production growth in Colorado.

In contrast to the production ramp up taking place domestically, OPEC-Plus, led by Saudi Arabia, convened in late November and decided to extend oil production cuts of 1.3 million barrels per day, while cutting an additional 900,000 barrels per day through the first quarter of 2024. These productions cuts will constrain supply to the global market and maintain a higher price floor. To date, however, oil prices have not been overly responsive to the production cuts except for short-term price rallies as non-OPEC production remains strong and lowered global demand continues to place a ceiling on the price.

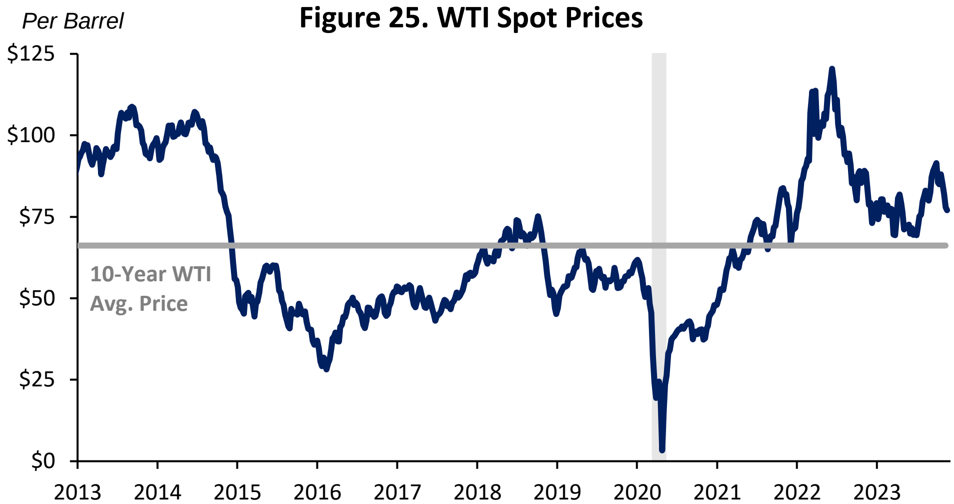


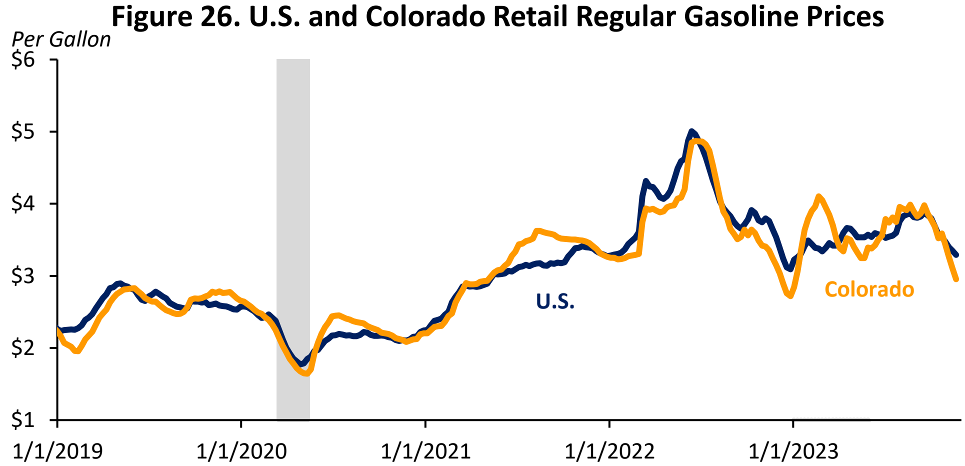
Figure 25. WTI Spot Prices

Note: Shaded area denotes recession.
Source: Energy Information Administration

With production increases and cuts largely offsetting each other over 2023, West Texas Intermediate (WTI) oil prices have remained relatively stable compared to the previous three years. Through mid-November, WTI prices averaged $78 per barrel in 2023 compared to $95 per barrel in 2022. Although prices have remained above ten-year average levels, they have maintained stability in 2023: primarily between $70 to $80 per barrel, dropping from the peaks reached in 2022.

Lower oil prices have resulted in lowered retail gasoline prices. After jumping to nearly $4 per gallon over the summer's peak demand season in Colorado for regular gasoline, prices have fallen substantially since, dropping below $3 per gallon for the first time since the beginning of the year. As of late November, the average price for retail regular gasoline in Colorado was $2.96 per gallon, while the U.S. was $3.29 per gallon. Retail gasoline price changes are strongly correlated with oil price changes, which has led to lower prices at the pump, but domestic gasoline demand has ticked down as well, even when accounting for fall and winter seasonal effects. This has led to additional downward pressure on retail gasoline prices at the national and state level.

Figure 26. U.S. and Colorado Retail Regular Gasoline Prices



Note: Shaded area denotes recession.
Source: Energy Information Administration

Similar to oil, domestic natural gas production is also strong and is expected to reach a record high in 2023. Production is up 4.4 percent over last year, which is the current all-time high for annual production. The strength exhibited in natural gas production is a surprise to some extent due to below-average natural gas prices. However, production is buoyed by associated natural gas production, which is produced from oil wells. With oil prices remaining in profitable ranges for firms, and thus, driving oil production, these market dynamics are allowing for continued strength in associated natural gas production. Record domestic production alongside weak demand from above-average winter temperatures have led to a glut of supply domestically with inventories six percent above the five-year average as of the end of October. As of mid-November, the spot price for Henry Hub natural gas was $2.74 per million BTU – nearly 18 percent below the ten-year average price of $3.33. Prices are forecast to remain at or below the ten-year average over the next year as the EIA forecasts that natural gas inventories in the U.S. will end winter 21 percent above the five-year average. Similarly, in the European Union, their natural gas stockpiles were at 99 percent as of November, which should mute any upside price concerns heading into the winter months, as the EU continues to secure energy supplies in the face of Russian aggression.

While Europe's natural gas stockpiles provide stability to energy markets in spite of the geopolitical conflict taking place on the continent with Russia's invasion of Ukraine, a conflict in the Middle East between Israel and Hamas has arisen since the September forecast with potential impacts on energy markets. While oil prices initially jumped following the beginning of the conflict, they have since dropped below levels seen before it began. At this time, the baseline energy forecast is not materially impacted by this conflict, however, it does pose significant risk and uncertainty to the forecast and has the potential to cause supply disruptions and upward price pressure on oil.

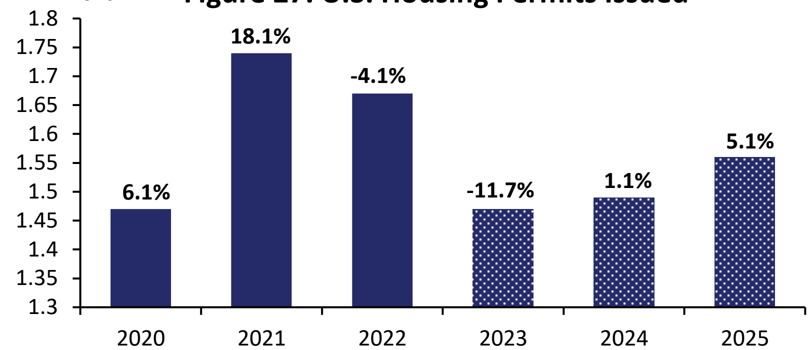
Regional industry sentiment within the oil and gas sector is relatively positive even as drilling activity, business activity, and revenues have fallen year-over year, according to a survey of energy firms which was administered by the Federal Reserve's Tenth District. The Tenth District includes Colorado, Kansas, Nebraska, Oklahoma, Wyoming, and parts of Missouri and New Mexico. While activity is down year-over-year, industry expectations are positive, as they expect revenues, capital expenditures, and the number of employees, and drilling and business activity to increase over the next six months. The regional sector reports that the breakeven price for a barrel of oil is $64, while the WTI price necessary to substantially increase drilling is $90 per barrel. With prices expected to remain in the $64 to $90 per barrel range over the next year, alongside more upside risk, it places the sector in a generally positive fiscal position.

Overall, energy prices continue to remain relatively stable in the face of global production cuts and geopolitical conflicts as record domestic oil and gas production alongside weakening demand maintain balance in the market. Despite the current balance, substantial risk and uncertainty remain as future production decisions or supply disruptions from geopolitical conflicts could cause volatility in the market.

Housing and Rental Market

After high levels of permitting in 2021 and 2022, the highest since the early 2000's, the most recent data from the U.S. Census Bureau indicates a relatively quick decline in permitting towards normalcy in 2023. However, in level terms, OSPB forecasts there to be roughly 1.47 million housing permits issued in the United States in 2023 which is still above average levels from 2015 to 2019 (1.28 million). OSPB expects flat growth in 2024 given the high interest rate environment, followed by stronger growth in the outyear as monetary policy continues to ease, displayed in Figure 27.

Figure 27. U.S. Housing Permits Issued

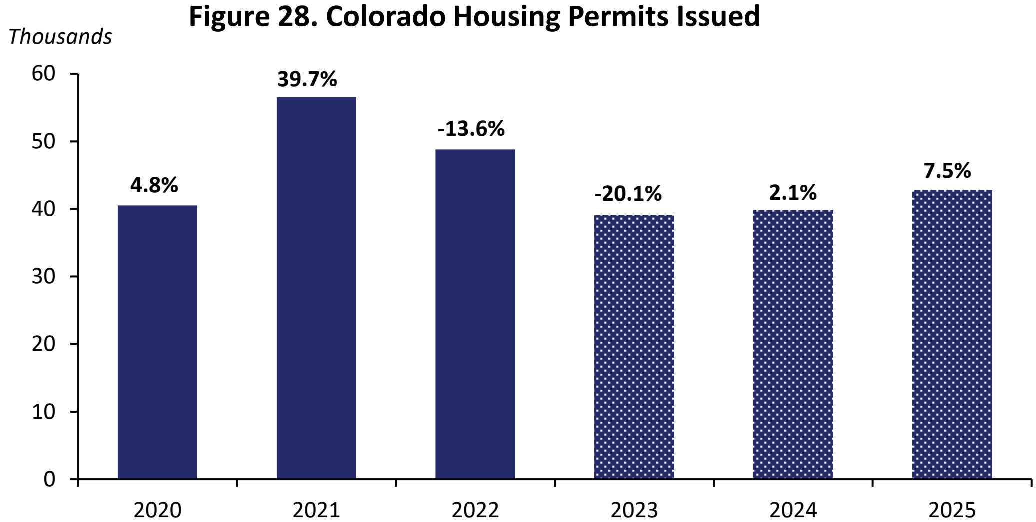


Source: U.S. Census Bureau
*Shading denotes forecast

A similar trend to the United States housing permitting is occurring in Colorado, but with higher volatility. In 2021, Colorado's permitting grew at more than double the rate of U.S. permitting in 2021, but increased headwinds are normalizing housing supply. Thus, OSPB is forecasting a larger decline in permits in 2023 relative to the previous year. Even with a 20.1 percent forecasted decrease in permits issued, the 39,000 permits forecasted in Colorado for 2023 is still in line with historical levels for the average number of permits issued from 2015 to 2019, which hovered around 38,600.

Slowing permits in Colorado and the U.S. are a concern given the consistent demand for homes and the fact that existing homeowners are unwilling to sell with current historically high mortgage rates and market conditions. As a result of many homeowners being locked in at low 30 year fixed mortgage rates in a now high interest rate environment, existing home sales have reached their lowest levels since the Great Recession, and new homes construction is necessary to fill that demand. By 2025, OSPB expects permitting in Colorado to rebound, driven by assumptions of continued demand for housing, falling interest rates which will incentivize new projects, as well as potential impacts of affordable housing policy such as Proposition 123. Proposition 123 was a ballot initiative in 2022 which dedicated one tenth of one percent of state income tax revenue to fund housing programs, and will fund many different initiatives from rental assistance to increasing affordable housing options as well as others. According to DOLA as of November 27th, 2023, Colorado has received commitments from local governments on Proposition 123 accounting for over 87.7 percent of the state's population. The full picture of the forecasted amount of housing permits in Colorado is in Figure 28 below.

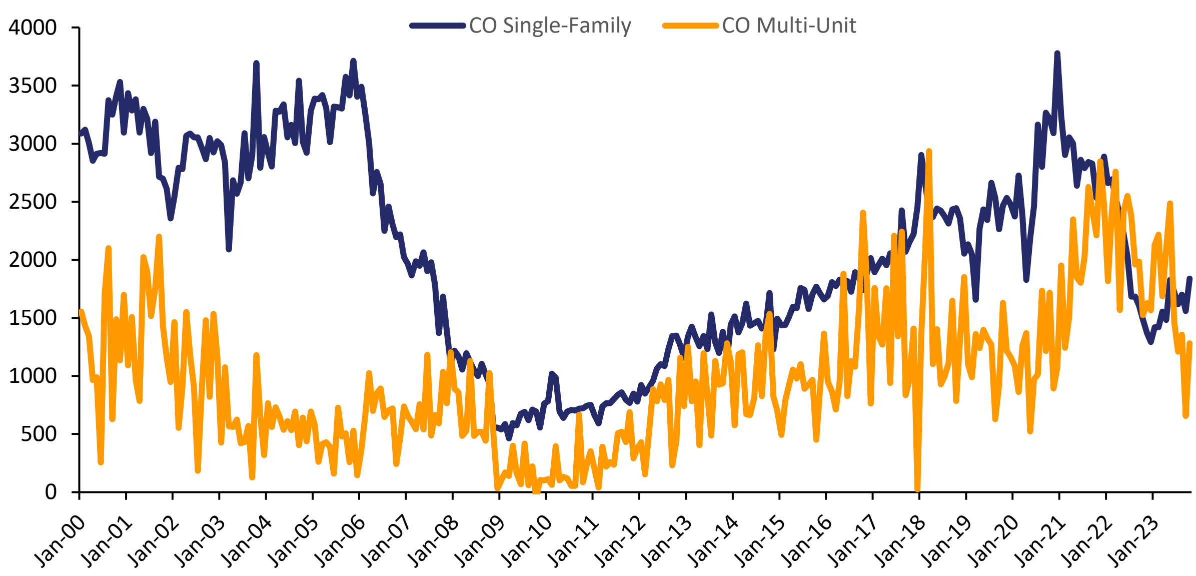
Figure 28. Colorado Housing Permits Issued



Source: U.S. Census Bureau
*Shading denotes forecast

Additionally, permits issued can be split into two categories, single-family homes and multi-family structures. In recent years, Colorado has skewed toward multi-unit structures instead of permits for single-family homes. As displayed in Figure 29 below, multi-family units have fallen in the past few months while single-family homes have shown a slight uptick since the beginning of the year. These trends could be further driven by concerns of homebuilders mentioned above (limited land, labor or materials cost), or by the high interest rates limiting larger investments across the state.

Figure 29. Colorado Private Housing Units Authorized by Building Permits, Single-Family vs. Multi-Family



Source: U.S. Census Bureau

Permitting throughout the state and the country is only one part of the picture when it comes to housing supply. According to the National Association of Home Builders and the U.S. Census Bureau[5], starts are based on a survey of permit holders, which indicates that about half of single-family homes are started in the same month the permit is issued and over 90 percent have started within two months. For multifamily homes, about 33 percent are started in the same month as receiving the permit and roughly 80 percent have started within two months.

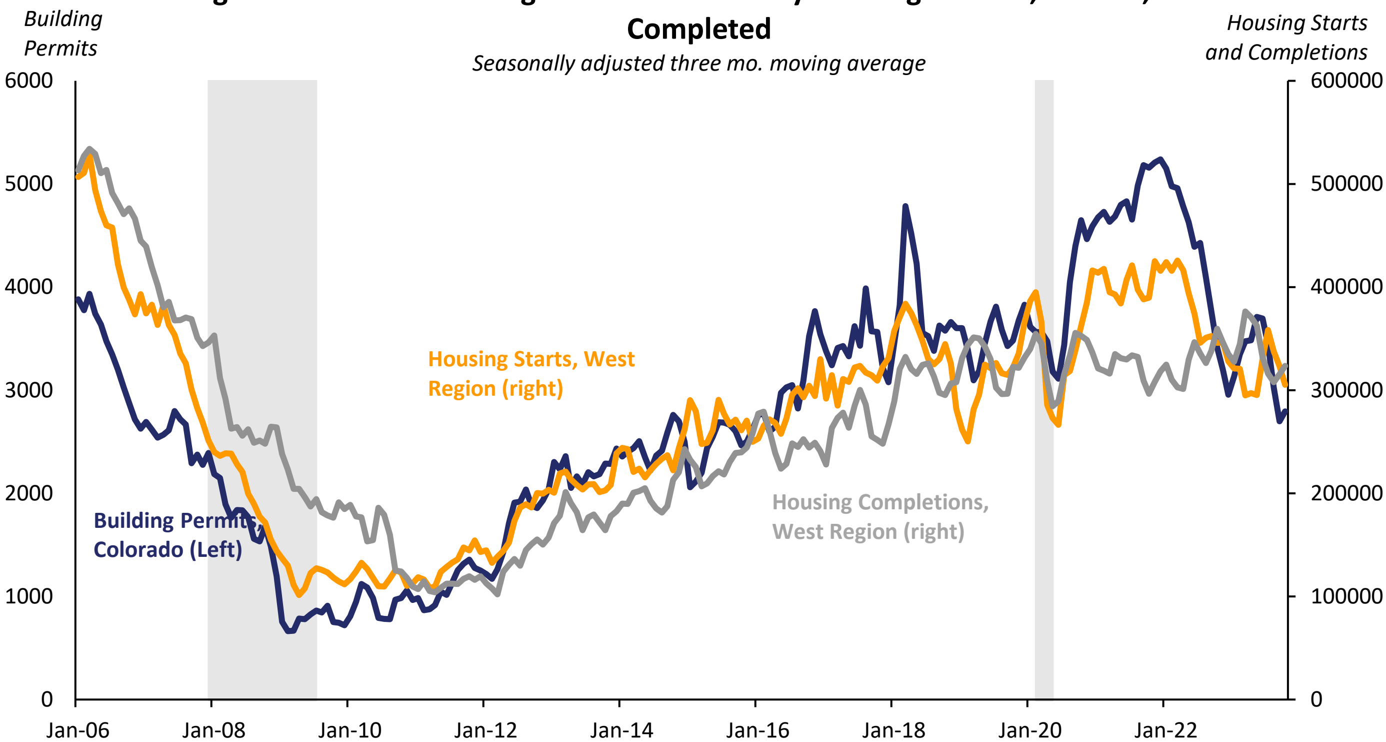
Additionally, the time to build is contributing to existing market dynamics, with projects taking increasing lengths of time to go from starting construction to completion. The U.S. Census Bureau has a Survey of Construction[6] that tracks the typical completion time for a home in the U.S. and by region. In 2022, the length of time from start to completion set all-time highs, at 8.3 months to complete an average single family home and 17 months to complete an average multifamily unit. These lengths were 15 percent longer for single-family homes and 10 percent longer for multi-family homes than 2021. Similarly, in the Western U.S. Region (contains AZ, CA, CO, ID, NM, NV, OR, UT, WA, and WY), 2022 average time to build a single-family home and multi-family home was 9.2 months and 17.0 months respectively. These times vary depending on who is completing the project (built for sale, contractor-built, owner-built), weather, and other factors. Note that there is not state level data available for starts and completions, only for the Western U.S. region.

In summary, permits turn into housing starts rather quickly and so housing starts have experienced similar spikes to permitting discussed above. However, given the increased time to build, housing completions have remained relatively consistent since 2019, as illustrated in Figure 30.

[5] https://www.nahb.org/news-and-economics/housing-economics/national-statistics/starts-and-permits
[6] https://www.census.gov/construction/nrc/pdf/avg_starttocomp.pdf

Figure 30. Private Housing Units Authorized by Building Permits, Started, and Completed

Seasonally adjusted three mo. moving average



*West Region is comprised of AZ, CA, CO, ID, MT, NM, NV, OR, UT, WA, and WY
Note: Shaded areas denote recession
Source: U.S. Census Bureau and U.S. Department of Housing and Urban Development

Demographics

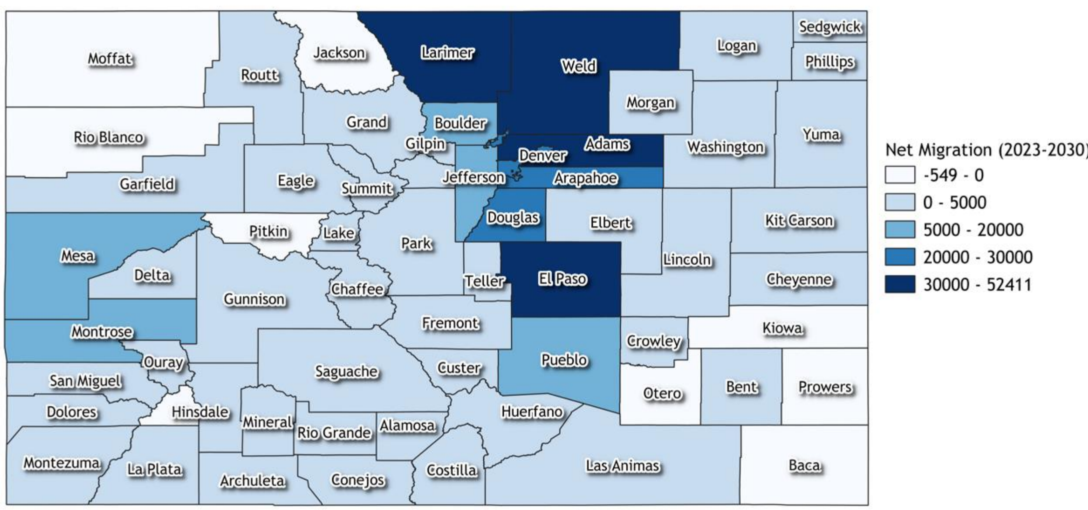
Demographic trends in Colorado continue to indicate looming economic challenges in the coming decades, including: (1) slowing growth in prime working age adults (PWAA), (2) declining birth rates, and (3) a dramatic rise in the number of people aged 65+ and the associated increase in deaths. Colorado will depend on migration among young people and PWAA to maintain economic growth, retain a healthy workforce, support an aging population with increasing public service costs, and supplant income and sales tax revenues as the 65+ population ages out of the workforce and spends less.

The State Demographer's Office (SDO) anticipates a recovery in population growth from COVID-induced lows in both net in-migration and natural growth (the change in population from births and deaths), peaking at 1.3 percent in 2026 before trending slowly downwards for the next two decades. Net migration is expected to be the major driving force of population growth in Colorado, accounting for 74 percent of Colorado's population growth from 2023 to 2050, while natural growth accounts for just 26 percent.

Colorado has had relatively stable historic migration patterns in terms of geographic and age distributions that are expected to broadly persist. The majority of in-migrants (40.4 percent) over the past two years came from California, Texas, Florida, New York, Illinois, and Arizona. Younger adults between 20 and 39 accounted for the largest share of net in-migrants (60 percent) between 2000 and 2020. Continuous in-migration among this group will be critical to support workforce strength and government revenues from income, sales, and property taxes.

Net migration into Colorado does not occur evenly across the state, as illustrated in Figure 31 below. There are several factors that may influence where new (or moving) Coloradans choose to locate, such as education and job opportunities. At the same time, a tight labor market or limited housing availability and affordability may impede Colorado's attractiveness to potential migrants, especially among PWAA. El Paso, Weld, Adams, and Larimer counties are expected to have the highest numbers of net in-migration, while some counties in the northeast and southwest are expected to experience net out-migration.

Figure 31. Projected Net Migration (2023-2030), by County



Source: Colorado Department of Local Affairs, State Demographer's Office

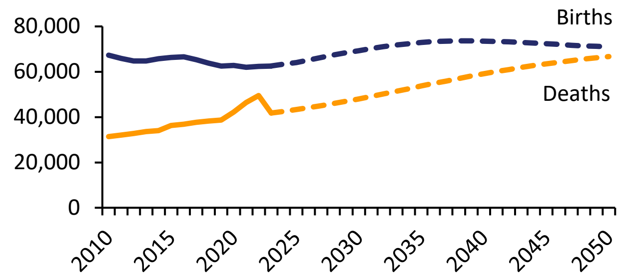
Natural growth will contribute modestly to overall growth in coming decades; however, Colorado's general fertility rate has been on a steady decline and is expected to fall to an average of 54.2 births per 1,000 women aged 15-44 between 2023 and 2050, down from a 1970-2015 average of 65.4. Around 2040, the total number of annual births in Colorado is expected to begin declining. By comparison, the U.S. has also been on a steady decline since 2008 with 56.0 births per 1,000 women in 2022.[7,8]

The number of annual deaths in Colorado began receding in 2023 from the recent highs in 2022 associated with COVID. However, annual deaths are expected to increase steadily as the population ages. Figure 32 below illustrates projected annual births and deaths through 2050.

7 https://www.cdc.gov/nchs/products/databriefs/db477.htm

8 https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2022/12/the-long-term-decline-in-fertility-and-what-it-means-for-state-budgets

Figure 32. Projected Annual Births and Deaths



Source: Colorado Department of Local Affairs, State Demographer's Office

The rapidly aging population continues to drive shifts in the composition of Colorado's populace. Since the mid-2000s, growth in the age 65+ population has consistently outpaced all other age groups at an annual growth rate twice that of the overall population. Currently, the population aged 65+ is less than one million (16.4 percent of the population), but is expected to grow to 1.6 million (21.1 percent) by 2050. In conjunction with the rapid growth in this cohort, 40,000 annual retirements are expected for the next five years. Despite this rapid outflow from the workforce, SDO expects sufficient net migration to fill job growth and replace retiring workers in the near-term.

In the longer-term, the state's ability to attract PWAA will have important workforce implications. There are several important economic implications of a rapidly aging population. The growing 65+ cohort will continue to place increasing demands on the state budget via increased participation in public health and social services programs. This population also has higher than average healthcare costs due to more complicated medical needs and increased utilization of long-term services such as nursing homes and Home and Community-Based Services (HCBS) waivers. The 65+ cohort will simultaneously put downward pressure on revenue growth as older adults typically pay lower income taxes due to retirement or fixed incomes, generate lower sales tax collections through reduced spending, and qualify for more tax benefits such as property tax exemptions like the Senior Homestead Exemption. Another important consideration for older Coloradans is whether they will elect to age in place or cash out their home equity after years of significant appreciation[9] and relocate to lower cost areas. Statewide migration data from 2010 to 2020 indicates a small net out-migration among those aged 70 to 85, while most age in place – a pattern that has persisted since the 1970s. Growing interstate disparities in housing prices and cost of living could incentivize more older Coloradans to leave.

In summary, the importance of PWAA migration for Colorado's economy is underscored by the implications of the rapidly aging population and associated large number of retirements in the short term, and declining births and increasing deaths in the longer term. Recent trends indicate that in-migration is occurring at a sufficient workforce replacement rate, however the future of

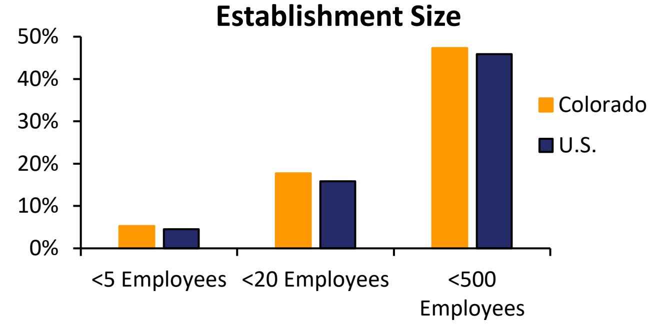
[9] https://fred.stlouisfed.org/series/COSTHPI

migration into Colorado is uncertain and faces headwinds in the form of a tight job market and housing affordability.

Small Business

Small businesses, defined as businesses with fewer than 500 employees,[10] play an important role in the Colorado economy as 47.6% of all employed persons in the state work for a small business. The composition of small business employment in Colorado is shown in Figure 33. In Colorado, total employment and payroll in small businesses are concentrated most amongst four categories: 1) Professional, Scientific, & Technological Services, 2) Construction, 3) Health Care & Social Assistance, and 4) Accommodation and Food Services. Small businesses are especially important to non-metro areas, as small businesses frequently account for over 75% of employment. According to the 2020 Statistics of U.S. Businesses Dataset, Colorado has higher concentrations of all size categories of small businesses than is found in the U.S.

Figure 33. Share of Total Employment by Establishment Size

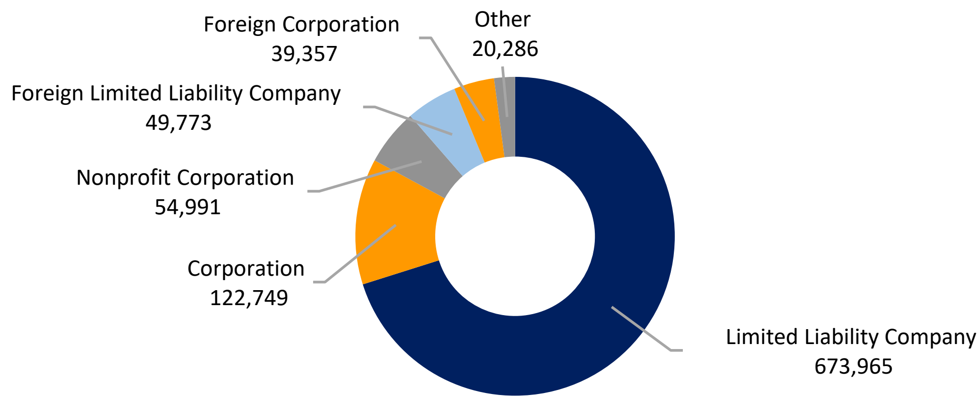


Source: 2020 Census, Statistics of U.S. Businesses

In Colorado, over 70% of business entities in Good Standing are Limited Liability Companies, or LLCs, that are domestic to the state of Colorado. LLCs are the most popular entity type in Colorado because of their simplistic ownership structures and administrative requirements. This is also reflected by the age of for-profit business entities in the State of Colorado, as younger business entities are more likely to be LLCs, whereas older and more mature businesses are more likely to be traditional corporations.

[10] https://advocacy.sba.gov/wp-content/uploads/2022/08/Small-Business-Economic-Profile-CO.pdf

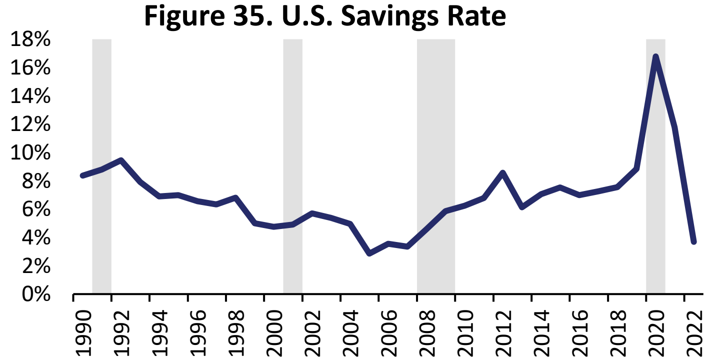
Figure 34. Colorado Business Entities by Type (Good Standing)



Source: Colorado Department of State

When looking at overall small business conditions, according to the Federal Reserve's 2023 Report on Employer Establishments from the 2022 Small Business Credit Survey[11], over two-thirds (66%) of firms used the owner's personal savings or funding from friends or family in the past five years. Over the same period, over half (55%) of firms used government assistance. The report on employer firms also details that as pandemic-related financial assistance declined in 2022, many firms switched to traditional lines of credit. With these traditional lines of credit, firms were mostly likely to receive at-least partial approval from small banks. This further highlights the linkage of small banks to small businesses, and the impact that community-based lending has on the vast majority of firms nationally.

Figure 35. U.S. Savings Rate



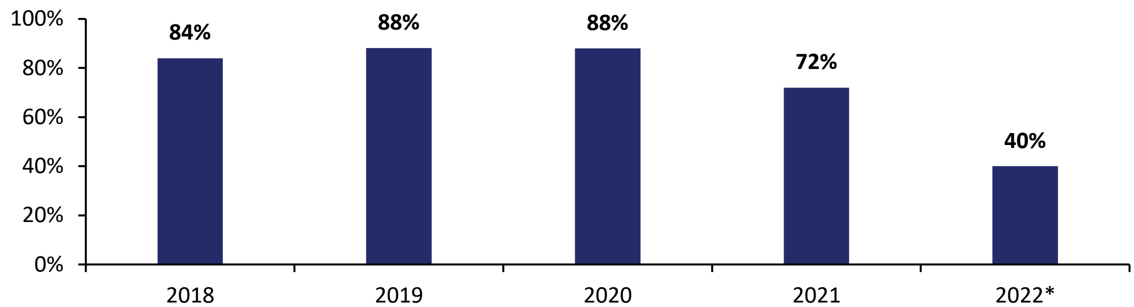
Note: Shaded areas denote recession
Source: Bureau of Economic Analysis

Small businesses, both nationally and locally in Colorado, need to be closely monitored as they are being squeezed on two sides, (1) from dwindling available personal savings and (2) lack of from access to credit. On the personal savings front, as highlighted in the 2022 Small Business Credit Survey, two-thirds of small business have used personal savings in the past five years. From 2020-2022, that was a more feasible option as Americans accumulated large amounts of excess savings. However, excess savings have been spent down and the savings rate has fallen below the pre-pandemic trend in 2023. Access to personal savings

[11] https://doi.org/10.55350/sbcs-20230308

is especially important to new businesses, as 80% of startup employer firms (0-2 years in business) reported using personal savings as a funding source.

Figure 36. Percent of Firms which Applied for Loans/Line of Credit in Past 12 months



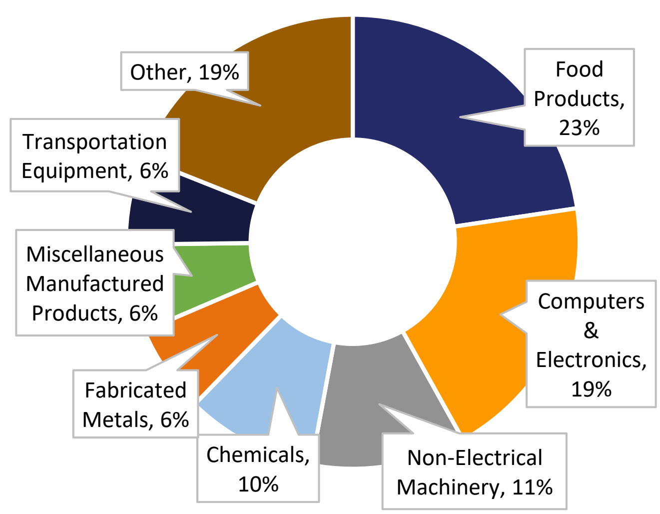
Source: 2019-2023 Federal Reserve Small Business Credit Survey
*Note: 2022 question included merchant cash advance

Access to capital is a particular concern to small businesses as they have shown to be sensitive to changes in the interest rate. According to the Federal Reserve's Small Business Credit Survey, firms applying for financing decreased applications to loan/lines of credit from 88 percent in 2020, decreased to 72 percent in 2021, and again to 40 percent in 2022. According to the Federal Reserve's October 2023 Senior Loan Officer Opinion Survey (SLOOS) on Bank Lending Practices , one-third of respondents said that economic conditions are a "very important" factor contributing to tightening lending standards currently. This remains relatively unchanged from the July 2023 SLOOS.

Trade

Colorado's largest exporting industries according to the North American Industry Classification System (NAICS) are Food & Kindred Products (22.6 percent of exports in 2022, or $2,330.4 million), Computer & Electronic Products (19.3 percent; $1,983.6 million), Non-Electrical Machinery (11 percent; $1,134.6 million), and Chemicals (9.4 percent; $963.1 million). However, the NAICS classification obscures the significance of agriculture in Colorado's export economy: the

Figure 37. Colorado Exports, 2022

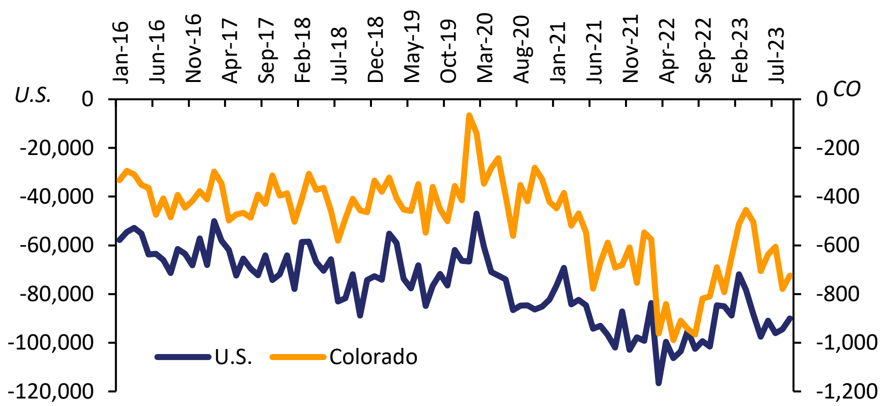


Source: USA Trade (U.S. Census Bureau), author's calculations

USDA valued Colorado's 2022 agricultural exports at $2,462.5 million, 1.3 percent of total U.S. agricultural exports.[12] Agricultural trade will be discussed in further detail below. Overall, Colorado's exports are made up of largely high value-added goods, making them more insulated from variations in price and the business cycle due to their relatively inelastic demand in international markets.

Net exports have been reverting back to their pre-pandemic level since spring of 2022, after the U.S. trade deficit peaked at -$116,661.7 million in March, followed by Colorado's peak of -$989.4 million in May. The COVID-19 pandemic and recovery were marked by increases in consumer spending and increased demand for goods, while U.S. production slowed due to labor shortages and higher production costs. These higher costs were due primarily to the pressures on the supply chain following the pandemic, measured by the New York Federal Reserve as a function of global transportation costs, delivery times, backlogs, and purchased stocks, which make up the Global Supply Chain Pressure Index (GSCPI), defined as how many standard deviations the value is from the index's historical average.[13] Net exports are inversely related to the GSCPI, reflecting the decreased production – and therefore, lower export levels – that occurs when inputs are difficult to acquire and costs are high. These factors resulted in imports significantly increasing (and outpacing exports) in late 2021 and early 2022 as backlogs began to clear; however, since the GSCPI has been negative since February 2023 and consumer spending on goods is expected to decrease going forward, the trade deficit is likely to decrease in turn while net exports rise.

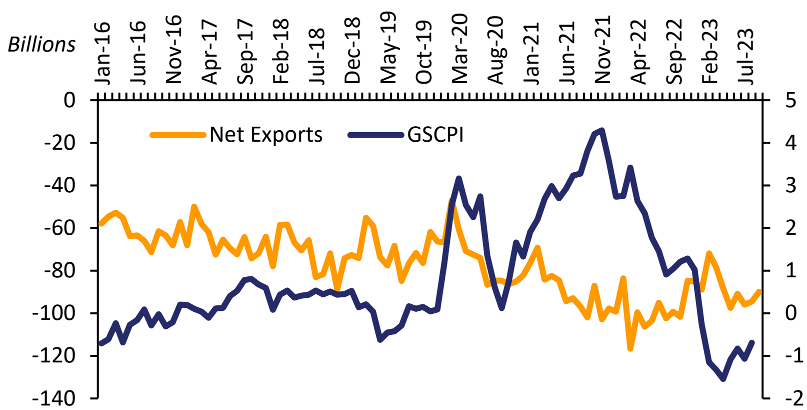
Figure 38. Net Exports In Millions, 2016-2023



Source: USA Trade (U.S. Census Bureau), author's calculations

[12] https://apps.fas.usda.gov/gats/ExpressQuery1.aspx
[13] https://www.newyorkfed.org/research/policy/gscpi/

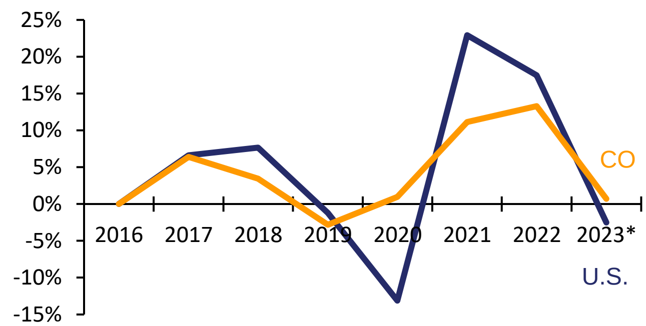
Figure 39. U.S. Net Exports vs. GSCPI, 2016-2023



Source: USA Trade (U.S. Census Bureau), New York Federal Reserve

However, the current elevated value of the U.S. dollar and weaker international economies may serve as headwinds to the trade deficit. The steady increases to the interest rate over the last few years have resulted in rapid appreciation of the dollar, resulting in lower prices for imports and higher prices for exports, subsequently increasing consumer demand for imports relative to domestically-produced goods while U.S. exporters see decreased demand for their products abroad. Alongside high interest rates, high inflation has also contributed to slowdowns in many economies, including the U.S. and countries within the European Union. Higher energy prices in Europe following Russia's invasion of Ukraine, as well as a real estate crisis in China, have also dragged down the global economy. This effect may grow stronger, depending on the outcome of the ongoing review of Section 232 and 301 tariffs, both imposed in 2018, by the Office of the U.S. Trade Representative. The Section 301 tariffs were imposed on Chinese goods as a result of a U.S. investigation finding "unreasonable or discriminatory" practices regarding China's technology transfer, intellectual property, and innovation policies, while the Section 232 tariffs were imposed on steel and aluminum products due to national security concerns. The Section 232 tariffs have been found to significantly increase domestic production in the relevant industries, while the impact Section 301 tariffs have been inconclusive.[14] The Biden Administration has proposed changes to the scope of exclusions on both tariffs, which, if instated, would effectively decrease tariffs on the affected goods, potentially leading to increased demand for imports relative to domestically-produced goods.

Figure 40. Yearly Growth Rate of Exports, 2017-2023



Source: USA Trade (U.S. Census Bureau), author's calculations
*2023 estimated based on monthly growth Jan-Sep 2022,

However, given the Biden Administration's emphasis on strengthening American manufacturing – particularly through policies established through IRA, IIJA, and CHIPS – OSPB anticipates that,

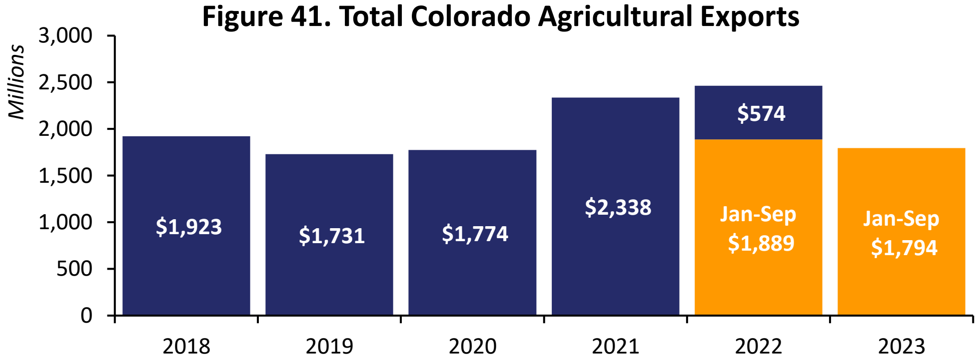
[14] https://www.usitc.gov/press_room/news_release/2023/er0315_63679.htm

at the Federal level, increased protectionism is likely to result in increased net exports in the long run in spite of these headwinds. The short term pressures of a strong dollar are likely result in slightly lower net exports through the first half of 2024, but the normalization of global supply chains over the last two years (especially given the Biden Administration's November 27 announcement of the creation of the White House Council on Supply Chain Resilience[15]), and decreased consumer demand for goods, combined with the aforementioned policies supporting domestic manufacturing are likely to result in increased net exports and a lowering of the trade deficit through 2025 and 2026, both in Colorado and the U.S. as a whole.

Agricultural Trade

International trade of Colorado agricultural products are concentrated in beef, pork, hides and skins, and dairy products according to USDA Foreign Agricultural Service (FAS) GATS Database. In 2022, Colorado agricultural exports totaled $2.4 billion, and total exports in 2023 through September have totaled $1.8 billion. As shown in Figure 41 below, year-over-year, year-to-date exports through September are down 5 percent in 2023. This growth in 2022 was driven by a record year for Colorado beef exports, which saw 38.6 percent year-over-year growth.

Figure 41. Total Colorado Agricultural Exports



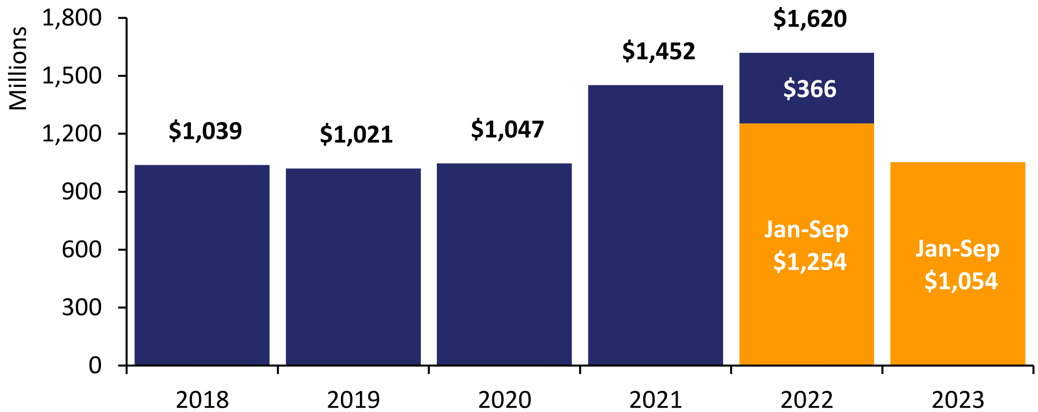
Source: USDA FAS GATS

Colorado is consistently in the top five of beef exporting states in the US, and in 2022 Colorado primarily exported its Beef and Beef Products to five nations: (1) South Korea, (2) China, (3) Japan, (4) Mexico, and (5) Canada.

South Korean consumption of Colorado beef accounted for $515.4 million, or 20.9 percent, of all Colorado agricultural exports in 2022. This has continued into 2023, and South Korean consumption of Colorado beef has accounted for 15.7 percent of all agricultural exports within the state through September. Notably in 2023, even though the year still has a quarter of data left, Canada has already imported more Colorado beef than in any full calendar year since 2018. Colorado agricultural exports for the full calendar year of 2023 are expected to land someplace in between 2021 and 2022 totals with strong growth in exports to the South Korean, Chinese, and Canadian markets despite exports to Japan weakening slightly.

[15] https://www.whitehouse.gov/briefing-room/statements-releases/2023/11/27/fact-sheet-president-biden-announces-new-actions-to-strengthen-americas-supply-chains-lower-costs-for-families-and-secure-key-sectors/

Figure 42. Total Colorado Beef Exports



Source: USDA FAS GATS

Free trade agreements with South Korea (KORUS), Japan (USJTA), China (Phase One), and Mexico & Canada (USMCA) have benefited U.S. and Colorado agricultural producers. These agreements have allowed Colorado agricultural producers, and specifically beef producers, to benefit from access to those markets and have improved opportunities from the decreased tariffs and non-tariff measures.

Infrastructure Investment and Jobs Act (IIJA)

The IIJA was signed into law in November 2021 and is a critical investment opportunity for Colorado. IIJA includes investments in (1) transit, (2) water resiliency and clean drinking water, (3) roads, bridges and railways, (4) high speed internet, and (5) environmental justice and climate resiliency. More than $4.6 billion has already been awarded or announced for IIJA projects in Colorado:

- $3.2 billion directly to state government;
- $350 million to Denver and Adams counties for flood risk reduction and river restoration;
- $657 million to local governments, Tribes, airports, and private industry; and
- $662 million implemented directly by federal agencies in Colorado.

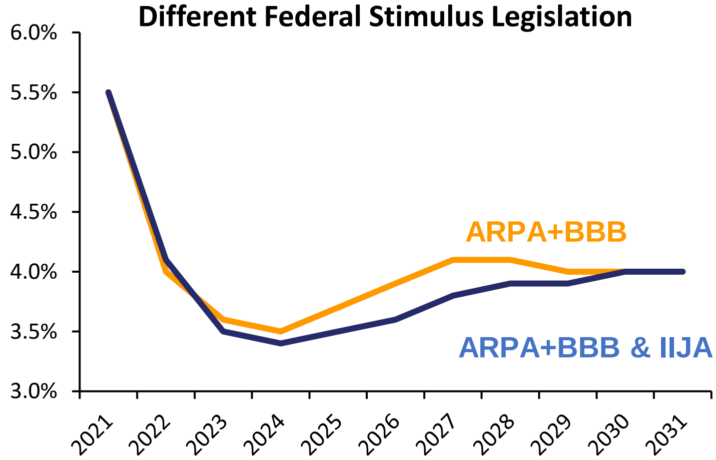
The state has invested an additional $164 million of the General Fund into an IIJA Cash Fund, through SB 22-215 and SB 23-283, to incentivize and assist local governments and Tribes as well as departments in meeting federal matching requirements for various infrastructure investment programs. As of December 2023, the State has allocated approximately $23 million ($11 million conditionally awarded) to departments (CDPHE and CDOT) and local governments, drawing down approximately $106 million in additional infrastructure funding.

Approximately $133 million remains in the IIJA Cash Fund with an estimated need for $51.6 million in matching funds for the Broadband Equity Access and Deployment program, $19 million in matching needs for water infrastructure investments, and $61 million for the Colorado

Department of Transportation (CDOT), specifically in regards to railway investments and improvements. These state funds are able to have an outsized impact by leveraging high federal matching ratios. For instance, the $61 million in state funds for CDOT support a federal match to receive a total of $392.6 million in federal infrastructure investment. Of the state funds, CDOT estimates $41.8 million may be needed for rail specific projects (Intercity Passenger Rail and the Railroad Crossing Elimination Program); $9.4 million for transit projects including accessibility updates and low to no emission upgrades within public transportation; and an estimated $15 million needed for Front Range Rail matching funds.

Investments made by the IIJA into state economies have had a significant impact and those impacts will continue to grow in coming years. For Colorado, investments in local infrastructure will increase job availability in key sectors, likely mitigating the overall slowdown in job growth due to rebalancing labor market conditions. In fact, the IIJA was originally estimated to create more than 800,000 jobs by 2025 across the U.S. as a whole.[16] An increase in demand and investment in construction and infrastructure projects also supports higher GDP levels, as noted in the GDP section. Moody's estimates an increase in GDP due to investment; seeing numbers peak in 2026. Net government expenditures are expected to grow by nearly $400 billion between 2022 and 2031, with a maximum estimated impact peak of $78.6 billion in 2026.[17] The expected static budget impact will then decrease to below 2023 levels by 2030, with estimated government expenditures reducing to $23.6 billion in 2030, and $6.1 billion in 2031; however infrastructure spending alone will remain between $26-$35 billion towards the end of the decade.

Figure 43. U.S. Unemployment Rate Under Different Federal Stimulus Legislation



Source: Moody's Analytics

Expectations around GDP growth due to infrastructure investment is also based on the assumption the Biden Administration has placed on future private investment into infrastructure, specifically in semiconductor and clean energy investment.[18] Investments in roads, bridges, airports, and waterways will also have a direct impact on supply chain issues and assist in inflation reduction, primarily through reducing risk on infrastructure associated with climate change

[16] https://www.moodysanalytics.com/-/media/article/2021/macroeconomic-consequences-of-the-infrastructure-investment-and-jobs-act-and-build-back-better-framework.pdf, pg 4
[17] https://www.moodysanalytics.com/-/media/article/2021/macroeconomic-consequences-of-the-infrastructure-investment-and-jobs-act-and-build-back-better-framework.pdf, table 1, pg 6
[18] https://www.whitehouse.gov/briefing-room/blog/2023/08/16/the-economics-of-public-investment-crowding-in-private-investment/

and natural disaster, in addition to its impact on job growth.[19] As for job growth, Moody's estimates that IIJA will begin adding nonfarm employment to the workforce starting, most significantly, in 2024 through 2031, adding a maximum of 800,000 jobs annually. Figure 43 above illustrates Moody's assumptions for the unemployment rate aligned with these job growth expectations.

Forecast Risks

OSPB creates a point estimate forecast for all economic and revenue variables. However, it does explore alternative economic growth scenarios to capture the risks in the economic environment. The baseline scenario includes a soft landing for the economy, with growth in the out-years constrained by potential GDP as sustained restrictive monetary policy to slow inflation works its way through the economy. Monetary policy is expected to lead to a loosening job market, though job openings are expected to outnumber unemployed people through the forecast period. While a spending slowdown is expected to occur, it is not expected to significantly slow the economy as positive real disposable income and wealth effect spending of the top two quintiles support personal consumption.

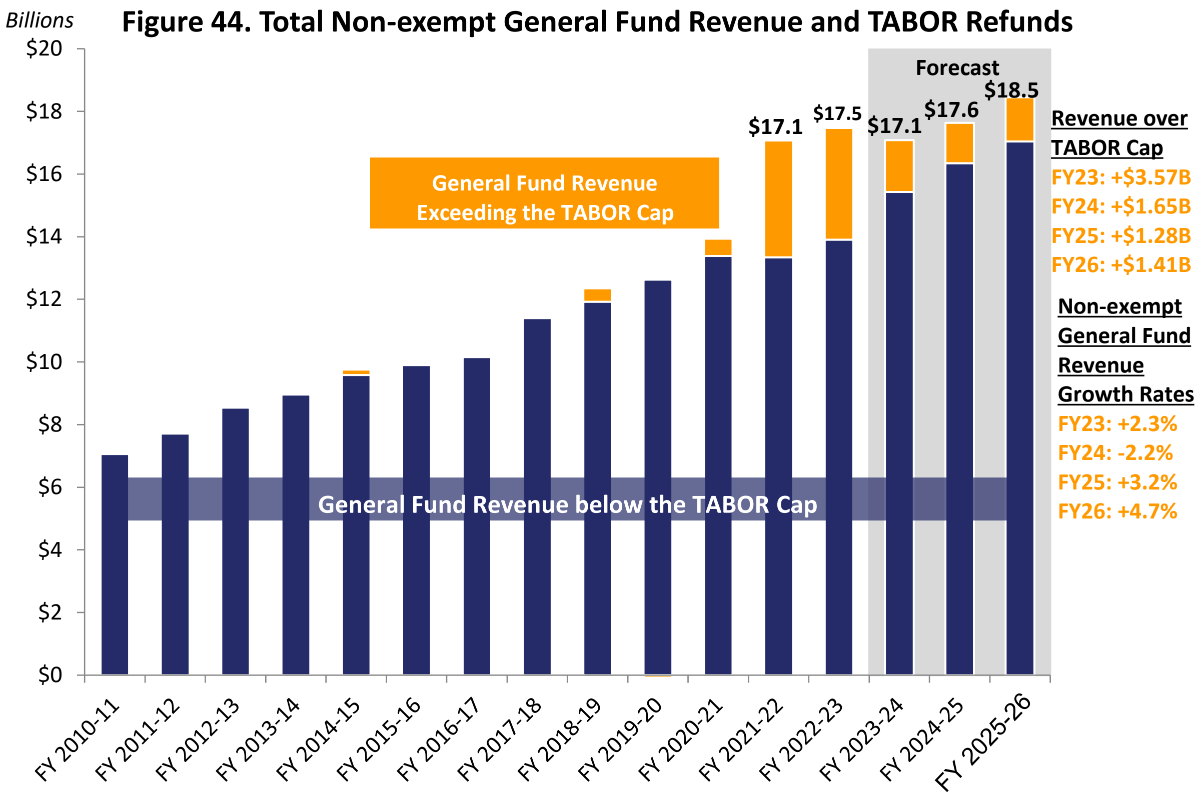
Downside risks to the forecast include sticky inflation combined with high interest rates, outsized impacts on residential and commercial construction financing, increasing consumer debt, geopolitical risks, and a Federal government shutdown. Upside risks include slowing in services inflation despite strong wage growth, labor shortages continuing to put upward pressure on real disposable income and consumption, and Federal and state policies to support affordable housing and workforce development. Overall, OSPB views economic risks to this forecast as weighted to the downside. That being said, OSPB views the probability of a recession occurring in the next 12 months at 30 percent.

[19] https://www.whitehouse.gov/briefing-room/statements-releases/2021/07/28/fact-sheet-historic-bipartisan-infrastructure-deal/

General Fund Outlook

Preliminary actuals for General Fund revenue in FY 2022-23 increased 1.7 percent to $18,002.2 million. General Fund revenue expectations in FY 2023-24 are upwardly revised from the September forecast due to year-to-date corporate income tax revenue collections above previous forecast expectations, while FY 2024-25 General Fund revenue is downwardly revised due to wage growth and goods spending expected to slow more, leading to lower sales tax and withholdings individual income tax revenue. In FY 2023-24, revenue is expected to decrease by 2.5 percent year-over-year to $17,557.1 million before increasing by 3.8 percent in FY 2024-25 to $18,231.1 million. General Fund revenue is projected to grow an additional 4.6 percent in FY 2025-26 to $19,070.4 million. General Fund revenue for FY 2023-24 is revised up by $247.3 million from September, while revenue in FY 2024-25 is revised down by $78.1 million and FY 2025-26 revenue is revised up by $90.6 million. Note that revenue levels and growth rates differ slightly in Figure 44 below, due to the fact that General Fund forecasts in the text include some exempt General Fund revenue, like those collected as a result of the recent Proposition FF which funds Healthy School Meals for All.

Figure 44. Total Non-exempt General Fund Revenue and TABOR Refunds



General Fund revenue is projected to exceed the TABOR cap throughout the forecast period. Revenue exceeded the cap by $3.57 billion in FY 2022-23. General Fund revenue exceeding the TABOR cap is projected at $1.65 billion in FY 2023-24, $1.28 billion in FY 2024-25, and $1.41 billion in FY 2025-26. This is an upward revision of $213.2 million from the September forecast for FY 2023-24, a downward revision of $128.7 million for FY 2024-25, and an upward revision of $83.7 million in FY 2025-26.

Overview of General Fund Revenue Streams

Individual Income Tax: Revenue from individual income tax dropped 6.5 percent to $10,952.7 million in FY 2022-23 following historic growth of 23.6 percent in FY 2021-22. Revenue is projected to fall another 0.1 percent to $10,938.6 million in FY 2023-24 before rebounding with positive 6.6 percent growth to $11,660.4 million in FY 2024-25. Revenue is projected to grow an additional 4.4 percent to $12,175.5 million in FY 2025-26. Between FY 2023-24 and FY 2025-26, this is a total downward revision of $224.7 million largely due to a slower aggregate wage growth forecast, largely due to slower expected jobs growth.

Corporate Income Tax: Revenue from corporate income tax increased 50.9 percent to a record $2,366.7 million in FY 2022-23. Revenue is expected to fall 13.9 percent to $2,038.2 million in FY 2023-24 and fall an additional 12.5 percent in FY 2024-25 due to slower consumer demand compared to recent levels and a restrictive monetary policy environment. In FY 2025-26, revenue is projected to grow 6.8 percent. For the full forecast period, this is a total upward revision of $586.8 million due to continued corporate resiliency.

Sales and Use Tax: Revenue from sales and use tax grew 5.3 percent to $4,552.8 million in FY 2022-23. Revenue growth is forecast to slow to 1.5 percent in FY 2023-24 as retail activity in the state slows from recent highs. Revenue growth is forecast to rebound to 4.8 percent in FY 2024-25 and accelerate by 5.6 percent in FY 2025-26. For the full forecast period, this is a total downward revision of $43.0 million, as statewide retail sales are projected to grow slower than previously expected, placing downward pressure on sales and use tax revenue.

Proposition EE Tax and Other Excise Tax: Revenue from Proposition EE increased 13.0 percent to $235.0 million in FY 2022-23 and is forecast to grow to $240.9 million by FY 2025-26 following statewide voter approval of Proposition II in the November 2023 election.

Other General Fund Revenue: Other General Fund revenue grew by 57.0 percent to $797.4 million in FY 2022-23 due to elevated interest earnings and increased insurance receipts. Over the forecast period, this revenue is projected to tick downward as interest earnings retreat from decreased cash balances and lower interest rates.

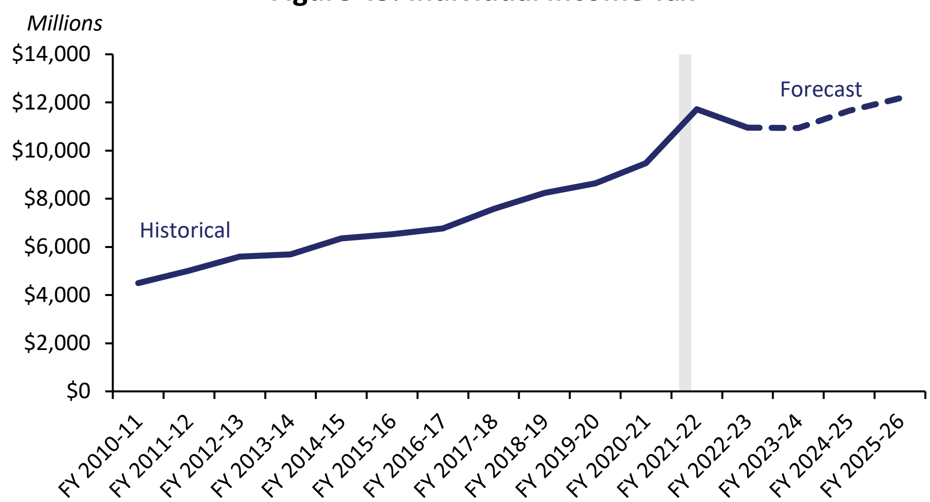
State Education Fund Revenue: Income tax revenue to the State Education Fund grew 7.3 percent to $1,066.4 million in FY 2022-23. Revenue is forecast to slightly drop from that level in FY 2023-24 before rebounding in FY 2024-25 and FY 2025-26.

Individual Income Tax

Overall Forecast Trends

Preliminary actual receipts for individual income tax in FY 2022-23 decreased by 6.5 percent to $10,952.7 million ($10.95 billion) following historic 23.6 percent growth in FY 2021-22. In FY 2022-23, the year-over-year decrease is largely due to estimated payments falling from a record high in the previous fiscal year with softening equities, tightening monetary policy, and the roll-off of expansionary fiscal policy placing downward pressure on that revenue stream. Withholdings collections also cooled in FY 2022-23 compared to the prior fiscal year but maintained strength at 4.4 percent growth.

Figure 45. Individual Income Tax



Source: Colorado Department of Revenue, OSPB Forecast

In FY 2023-24, individual income revenue is expected to decrease slightly by 0.1 percent to $10,938.6 million due to slower wage growth, lower business earnings for smaller firms, and new tax credits from the most recent regular legislative session. This is a small upward revision, however, from the September forecast of $8.2 million primarily from expected strength in non-wage income leading to greater estimated payments than previously expected. Withholdings revenue is anticipated to grow, but below its trend rate as aggregate Colorado wage and salary growth is forecast to slow to 4.3 percent in 2024 following growth from 2021 to 2023 of 9.4 percent, 9.1 percent, and an expected 6.4 percent, respectively. Although this is a slowdown from recent highs, statewide wage growth is still projected to outpace the nation. In FY 2024-25, overall individual income revenue is forecast to increase by 6.6 percent to $11,660.4 million as the labor market and wage growth accelerates from slower FY 2023-24 levels alongside an increase in small business earnings. However, this is a downward revision of $131.1 million from the September forecast due to a slightly higher unemployment forecast of 3.6 percent in 2024 and 3.7 percent in 2025, leading to slower wage growth and lower withholdings than previously expected. In FY 2025-26, normalizing growth of 4.4 percent to $12,175.5 billion is forecast, which is a downward revision of $101.8 million from September primarily from base effects of slower growth in FY 2024-25.

Figure 46. Individual Income Revenue Forecast and Revisions

Fiscal Year	Total Individual Income Revenue (in $M)	Growth	Revision from Previous Forecast (in $M)	Reasons for Revisions/Assumptions
FY 2022-23	**$10,952.7**	**-6.5%**	**$0.0**	No year-end revisions
FY 2023-24	**$10,938.6**	**-0.1%**	**$8.2**	Higher estimated payments from non-wage income; labor market expectations similar from September
FY 2024-25	**$11,660.4**	**6.6%**	**($131.1)**	Labor market remains strong but loosens more than previously expected leading to slower aggregate wage growth
FY 2025-26	**$12,175.5**	**4.4%**	**($101.8)**	Downward revision largely from FY 2024-25 base effects; slightly slower aggregate wage growth

Component Trends

Withholdings

Individual income tax withholdings account for more than 80 percent of net individual income tax receipts and are closely linked to aggregate wages and salaries. Colorado aggregate wages and salaries are currently strong in response to a historically tight labor market yet are expected to slow over the forecast period. In FY 2022-23, $9,457.2 million in withholdings were recorded, reflecting 4.4 percent growth off extraordinarily high 16.4 percent growth in FY 2021-22, exhibiting a tight labor market and strong aggregate wage growth. In FY 2023-24, withholdings are expected to maintain slow growth at 1.0 percent and $9,554.7 million in collections, which is a largely static upward revision of $10.9 million from the prior forecast as labor market expectations remain largely the same. In FY 2024-25, withholdings are projected to grow by 3.9 percent to $9,927.7 million. This is a $78.6 million downward revision from September as the labor market is expected to loosen slightly more than previously expected leading to slower aggregate wage growth. Continued growth of 3.9 percent in withholdings is forecast in FY 2025-26, which is a downward revision from September primarily due to FY 2024-25 base effects as well as slightly lower aggregate wage growth. Over the forecast period, below-average withholdings growth is expected after significant, above-average increases in FY 2020-21 and FY 2021-22, while projected below-average job growth is expected to drag on aggregate wage growth over the period, as well.

Estimated Payments

In FY 2022-23, estimated payment receipts fell from a record level of $2,641.0 million in the prior year to $1,614.6 million, reflecting a decline of 38.9 percent, as softening equities, tightening monetary policy, and the roll-off of expansionary fiscal policy placed downward pressure on that revenue stream. In FY 2023-24, as the economy largely continues to surprise to the upside, non-wage income is expected to perform better than previously expected, leading to year-over-year growth in estimated payments of 4.1 percent to $1,681.5 million. This is an upward revision of $175.8 million from the prior forecast in which estimated payments were expected to decline year-over-year by 6.7 percent. A significant part of the expected increase in estimated payments comes from better economic expectations for pass-through businesses and equities than previous forecasts projected. In FY 2024-25, estimated payments are expected to accelerate by 6.3 percent to $1,786.9 million in a loosening monetary policy environment, although this is a small downward revision of $48.9 million from an expected spending slowdown weighing more on pass-through businesses in that fiscal year. In FY 2025-26, estimated payments are expected to grow by 6.7 percent to $1,906.3 million, which is largely static from the September forecast.

Cash with Returns and Refunds

In general, OSPB assumes cash with returns and refunds largely offset each other, meaning that filers in aggregate do reasonably well at covering expected tax obligations through withholdings and estimated payments. Cash with returns ended FY 2022-23 at $2,109.4 million, reflecting strong 32.6 percent growth year-over-year. This significant growth is primarily recorded from proprietor profits coming in above their expectations from last year. In FY 2023-24, cash with returns are forecast to fall by 24.8 percent, reflecting a downward revision of $105.5 million to $1,587.2 million, which is more than offset by the upward revision in estimated payments. In FY 2024-25, cash with returns are revised up by $15.6 million to $1,737.1 million, reflecting 9.4 percent year-over-year growth. Flat growth of 0.8 percent is projected in FY 2025-26 to $1,751.5 million, reflecting a small downward revision from September.

Policy Adjustments

In addition to the above economic drivers, there are tax policy impacts on individual income tax revenue, most recently from the Governor's Executive Budget submitted to the General Assembly on November 1st, which included tax policy proposals that, if enacted, would result in lower individual income tax revenue over the forecast period. These tax policy proposals would result in an estimated $45.1 million reduction in individual income tax revenue over FY 2024-25 and FY 2025-26 combined.

In the most recent regular legislative session, there were also a variety of bills passed and signed into law with revenue impacts on individual income tax. The range of income tax credit bills passed in that legislative session are expected to reduce individual income revenue by $121.3 million and $190.9 million in FY 2023-24 and FY 2024-25, respectively. The largest impact is a result of HB23-1112, Earned Income and Child Tax Credits, which has an impact of $74.8 million in FY 2023-24 and $97.6 million in FY 2024-25, although changes to the provisions of this bill are proposed in the Governor's FY 2024-25 November 1st budget submission. Of this, $52.0 million is due to an increase in the Colorado Earned Income Tax Credit (EITC) credit from 25 percent to 38 percent of the federal credit in Tax Year 2024. The rest is a result of expanding access to the Child Tax Credit (CTC), which restructures the state credit so that taxpayers receive flat dollar amounts, rather than a percentage of the federal CTC claim. This results in low-income households receiving higher credit amounts. Note that in the extraordinary legislative session, HB23B-1002, Increased Earned Income Tax Credit 2023, raised the Tax Year 2023 amount from 25 to 50 percent, but this adjustment will be paid out of TABOR refunds, see the TABOR section for more detail. Additionally, HB23-1272, Tax Policy that Advances Decarbonization, reduces individual income revenue by $36.8 million and $53.1 million in FY 2023-24 and FY 2024-25, respectively. These reductions are the result of a range of tax credits to encourage purchasing electric or hybrid vehicles, utilize geothermal energy, purchase e-bikes, and additional tax credit programs. Also, HB23-1091, Continuation of Child Care Contribution Tax Credit, will continue to reduce revenue in FY 2024-25 by $18.6 million in order to extend a tax credit for contributing to qualifying childcare facilities from Tax Year 2024 to Tax Year 2027. Various other bills with smaller impacts include SB23-016 (Greenhouse Gas Emission Reduction Measures), HB23-1084 (Continuation of Military Retirement Benefits Deduction), and HB23-1081 (Employee Ownership Tax Credit Expansion).

In addition to the most recent regular legislative session, last year's November election also had impacts on income tax revenue. Proposition FF Healthy School Meals for All increased taxes on households with more than $300,000 in income, which increased FY 2022-23 individual income revenue by an estimated $42.7 million and is projected to increase FY 2023-24 revenue by $104.2 million, FY 2024-25 revenue by a projected $110.5 million, and FY 2025-26 by $129.4 million. Additionally, Proposition 123 Dedicate Revenue for Affordable Housing Programs affects retained General Fund revenue, as $160.0 million was diverted in FY 2022-23 and an estimated $311.4 million is projected to be diverted in FY 2023-24, $322.7 million in FY 2024-25, and $338.0 million in FY 2025-26 from the General Fund to affordable housing programs. Proposition 121 State Income Tax Rate Reduction passed in that election, as well, which reduced the income tax rate from 4.55 percent to 4.4 percent.

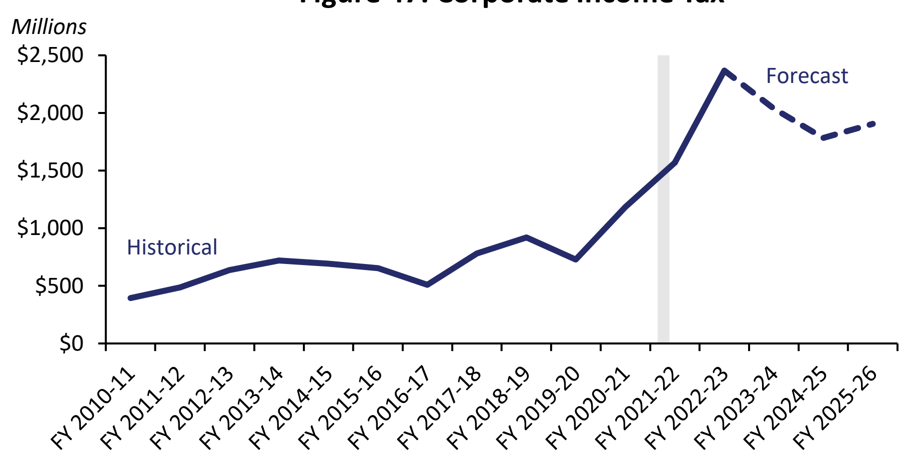
There are also three federal bills driving policy adjustments. First, the IRA has a minimal, positive impact on revenue, mostly as a result of increased IRS audit enforcement. This minimal impact is due to the fact that the base of Colorado's income tax is federal taxable income, so changes to existing federal credits or the creation of new credits that do not affect taxable income need no adjustment for the forecast period. Similarly, the IRA's creation of a new 15 percent corporate minimum tax on certain large corporations does not result in a state revenue impact because Colorado imposes its own state tax rate. Only three provisions in the IRA affect state income tax revenues in the forecast period. The largest comes from increased funding for IRS tax enforcement activities, which should increase collections from state audits given the IRS often shares audit results with states, but those impacts are delayed. OSPB's initial expectations are that those amount to less than one percent of overall revenue by FY 2024-25. The IRA also expands a federal deduction, which reduces taxable income, and provides for a variety of grants, which increases taxable income, that will affect the tax liabilities of certain state taxpayers. The IRA extended a limitation on the excess business losses of non-corporate taxpayers as well, but that won't result in state revenue impacts until FY 2026-27. Second, the IIJA also has a minimal impact through the forecast period. The Federal December 2022 omnibus appropriations bill included the Secure Act 2.0, which focuses on retirement plans, and is expected to increase state individual income revenue by $18.4 million and $16.3 million in FY 2023-24 and FY 2024-25. Specific rule changes to retirement plans that will increase expected revenue include measures on early retirement plan withdrawals and elected deferrals to the contribution limit.

Finally, the federal Tax Cuts and Jobs Act (TCJA), which was enacted in 2017, will sunset in 2025 and result in an estimated decrease in income tax revenue of $43.5 million beginning in FY 2025-26. The reduction in revenue is largely due to the roll-off of repealing certain personal exemptions more than offsetting the reduced standard deduction. This expected policy adjustment will continue to be monitored and analyzed over the forecast period.

Corporate Income Tax

Corporate income tax revenue grew by 50.9 percent to a record $2,366.7 million ($2.37 billion) in FY 2022-23, surpassing the record set in FY 2021-22 of $1,568.6 million. The continued growth in corporate income tax revenue is largely due to U.S. corporate profits remaining at elevated levels above $3 trillion throughout 2022 and 2023, with elevated profits also being recorded at the state level. In FY 2023-24, corporate income tax revenue is expected to drop by 13.9 percent to $2,038.2 million, however, this is a sizable revision up of $281.4 million from the September forecast following collections above expectations over the past quarter. Further, this upward revision is driven by U.S. corporate profits increasing in the third quarter of 2023 when prior OSPB forecasts expected a decline. These continually strong corporate profits are buoyed by a better economic outlook led by strong consumer demand and a resilient labor market, which are providing a healthy environment for business profits. Similarly, while FY 2024-25 corporate income revenue is forecast to fall by 12.5 percent to $1,783.8 million, revenue is revised up from September by $92.5 million. Corporate income tax revenue is forecast to grow

Figure 47. Corporate Income Tax

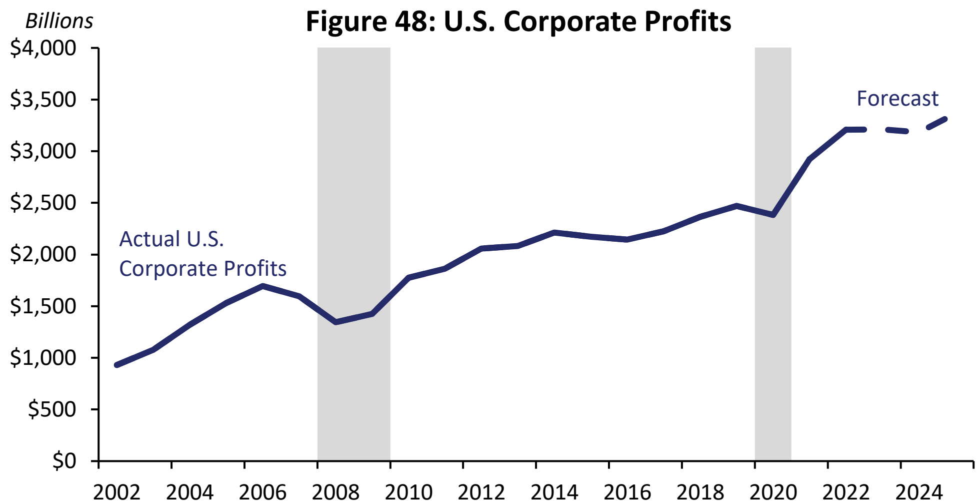


Source: Colorado Department of Revenue, OSPB Forecast by 6.8 percent to $1,905.8 million in FY 2025-26, reflecting a $212.9 million upward revision from the September forecast.

During 2021 and 2022, expansionary fiscal and monetary policy helped promote a healthy business environment with high profits, resulting in U.S. corporate profits before taxes growing by 22.6 and 6.6 percent in those years to record levels. With surprising strength in the economy remaining to date, corporate profits are expected to grow slowly in 2023 by 0.1 percent to a new record annual level of $3.2 trillion. This is a significant upward revision from the September forecast, which projected a 6.6 percent decline in corporate profits for 2023, as strong consumer demand has offset rising investment costs and led to growing corporate profits. In 2024, corporate profits are forecast to fall by 0.9 percent as a restrictive monetary policy environment and weaker consumer demand are expected to constrain profits. Corporate profits are projected to accelerate again in 2025 alongside loosening monetary policy as a rebalanced, stable economic environment allows for 5.7 percent growth and new record levels at $3.4 trillion.

When developing expectations on future corporate income tax revenue, an important explanatory variable is corporate profits before taxes, accounting for inventory and capital adjustments. In the third quarter of 2023, such profits nationwide increased over second-quarter levels and remained at near-historic highs at $3.3 trillion – only $22 billion below the quarterly record high reached in the third quarter of 2022. Corporate profits have now increased for two consecutive quarters after falling over the final quarter of 2022 and first quarter of 2023. Additionally, the Bureau of Economic Analysis (BEA) has recently published their 2023 Comprehensive Update of the National Economic Accounts in which they significantly revised up U.S. corporate profits from 2017-2022, while largely downwardly revising compensation and proprietors' income over the time period. This data update from the BEA now shows increased corporate profit levels over previous publications, which has led to a forecast recalibration showing increased corporate profits, and thus, increased corporate income tax revenue. However, as consumer demand slows from historically elevated levels, and the

Figure 48: U.S. Corporate Profits



Note: Shaded area denotes recession.
Source: Bureau of Economic Analysis, OSPB Forecast

consumer basket shifts away from durable goods towards services, growth in profits from these historic highs are expected to marginally fall in 2024 before rebounding in 2025.

In addition to the above economic drivers, there are tax policy impacts, most recently from the Governor's Executive Budget submitted to the General Assembly on November 1st, which included tax policy proposals that, if enacted, would result in lower corporate income tax revenue over the forecast period. These tax policy proposals would result in an estimated $45.1 million reduction in corporate income tax revenue over FY 2024-25 and FY 2025-26 combined.

Further, there are additional policy impacts from the most recent regular legislative session, as well as prior impacts from previous legislative sessions. In the most recent legislative session, a number of income tax credit bills were signed into law that are expected to have an aggregate impact of reducing corporate income revenue by $17.5 million and $27.4 million in FY 2023-24 and FY 2024-25, respectively. The largest impacts include corporate tax relief for clean energy in HB23-1272 and HB23-1281, as well as incentivizing semi-conductor production in HB23-1260. HB23-1272, Tax Policy That Advances Decarbonization, includes a range of energy tax credits that will reduce revenue by an expected $16.0 million and $23.2 million in FY 2023-24 and FY 2024-25, respectively, including a credit to incentivize owners of industrial facilities to implement greenhouse gas emissions improvements. HB23-1281, Advance the Use of Clean Hydrogen, creates a refundable income tax credit for using clean hydrogen that is expected to reduce corporate income revenue by $1.3 million and $2.5 million in FY 2023-24 and FY 2024-25, respectively. Finally, HB23-1260, Advances Industry and Semiconductor Manufacturing Incentives, allows local governments to designate new areas where manufacturers may be eligible for tax credits for semi-conductor production. It is expected to decrease corporate income tax revenue by $1.0 million in FY 2024-25.

Finally, prior legislative sessions included bills which lower corporate income revenue over time. From the 2022 legislative session, HB22-1026, Alternative Transportation Options Tax Credit, has the largest effect. This bill replaces an existing income tax deduction for employers who provide ridesharing, transit, or other transportation options with an expanded credit. The bill reduced cash with returns revenue by an accrued $6.6 million in FY 2022-23 and is estimated to reduce revenue by $14.1 million in FY 2023-24. There are two federal bills also driving policy adjustments. First, the IRA has a minimal, positive impact on revenue, mostly as a result of increased IRS audit enforcement, but those impacts are delayed, and OSPB's initial expectations are that those amount to less than one percent of overall revenue by FY 2024-25. Second, the IIJA also has a minimal impact through the forecast period. Finally, the sunsetting of the federal TCJA, which is set to end in 2025, is not expected to have a material impact on the corporate income revenue forecast.

Sales and Use Taxes

Sales Tax

Sales tax revenue for FY 2022-23 recorded growth of 5.2 percent, reaching $4,301.6 million and building off historic 19.6 percent growth in FY 2021-22. In the September forecast, OPSB revised down sales revenue in response to a slowdown in actual June and July collections, affecting the final collection periods of FY 2022-23. Entering the first few month of FY 2023-24, this slowdown in retail sales continued in Colorado, but the effect of this slowdown on sales revenue was not as pronounced as expected. Sales collections exceeded expectations in September and October; however, November saw a below-expectation performance with mere 0.1 percent year-over-year growth. Consequently, this forecast anticipates a deceleration in sales revenue, initially anticipated for the early months of FY 2023-24, becoming evident entering into the latter half of the fiscal year. Therefore, OSPB has made a slight upward revision of 0.2 percent for sales revenue growth in FY 2023-24 on year-to-date collections, now reaching 2.0 percent. Slowing revenue growth is attributed to factors such as a shift from goods to services spending, dwindling savings, and increased consumer debt, all of which are expected to hinder retail growth until the end of FY 2024-25. Despite the headwinds, consumer spending has remained largely resilient defying expectations through the third quarter of calendar year 2023, primarily due to the spending among the top two income quintiles while the lower income quintiles are facing stretched household finances. This trend is also starting to show within Colorado as some lower income counties are showing sales tax revenue losses whereas some higher income counties are witnessing gains. For instance, Pueblo County recorded negative sales revenue growth in the second and third quarter of calendar year 2023. Whereas counties with higher median household income such as Denver, Weld, and Garfield witnessed solid sales growth both quarters.

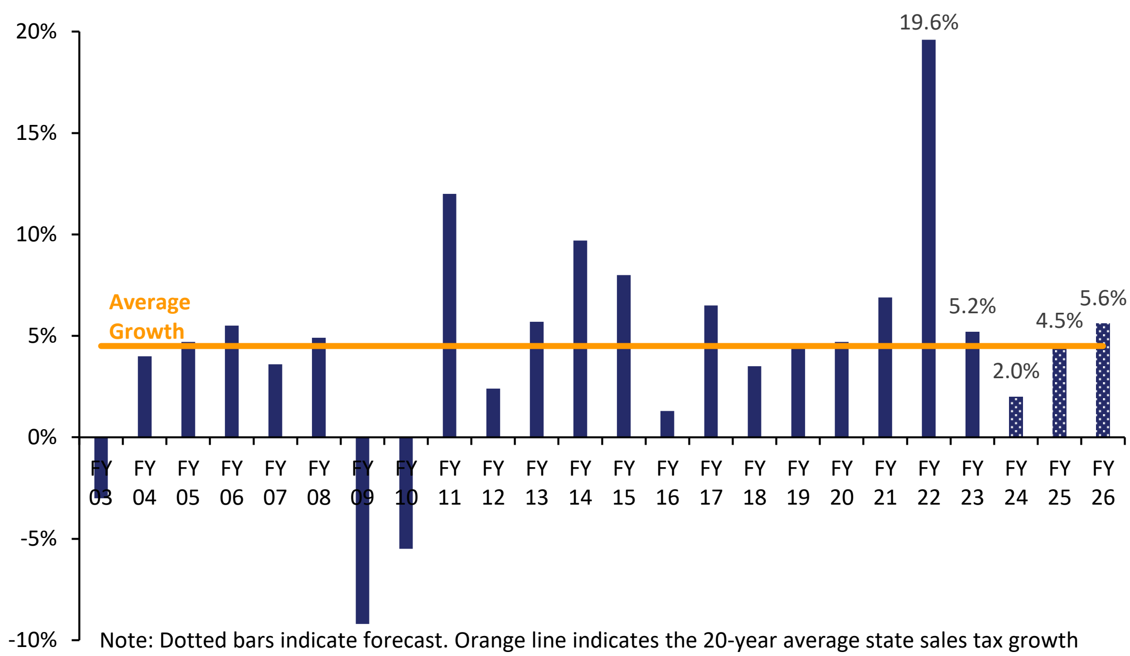
Sales tax revenue in FY 2024-25 is revised down by $45.8 million to $4,586.3 million, and growth is also revised down by 1.3 percent to 4.5 percent. OSPB forecasts the first two quarters of FY 2024-25 will witness slower sales tax revenue gains before accelerating during the last two quarters. The primary reason for this downward revision is due to an expected slowdown in spending concentrated within goods spending. Sales tax growth is largely predicated upon nominal state retail sales growth, which has also been significantly revised down for Colorado over the forecast period. State retail sales growth is forecasted to grow by 1.8 percent in 2023, 2.3 percent in 2024, and 4.4 percent in 2025. After this dip in consumer resilience, OSPB projects retail growth to return to pre-pandemic trends in 2025. This trend translates into the sales revenue forecast as OSPB expects sales revenue growth of 4.5 percent in FY 2024-25 and 5.6 percent in FY 2025-26, which is closer to the historical average of 4.6 percent.

Figure 49. Sales and Use Tax Revenue Forecast

Fiscal Year	Sales Revenue (millions)	Growth	Use Revenue (millions)	Growth	Total Revenue (millions)	Growth
FY 2022-23	$4,301.6	5.2%	$251.2	8.0%	$4,552.8	5.3%
FY 2023-24	$4,387.1	2.0%	$234.1	-6.8%	$4,621.2	1.5%
FY 2024-25	$4,586.3	4.5%	$256.7	9.7%	$4,843.0	4.8%
FY 2025-26	$4,842.3	5.6%	$272.4	6.1%	$5,114.7	5.6%

This forecast also takes into account policy adjustments due to recent legislative action that are not fully incorporated into the broader sales tax base trend. These adjustments are forecast to result in a sales and use tax revenue decrease of $22.4 million in FY 2022-23, an increase of $15.0 million in FY 2023-24, and a decrease of $2.9 million in FY 2024-25. In the 2023 legislative session, two bills were passed and signed by the Governor that will have an impact on sales and use tax revenue. The most significant fiscal impact of the two bills comes from HB 23-140, Sales and Use Tax Exemption for Wildfire Disaster Construction, which provides for a sales and use tax exemption related to rebuilding or repairing a residential structure damaged or destroyed by a declared wildfire disaster from 2020 to 2022. This exemption will result in projected unrealized

Figure 50. Sales Tax Growth History and Forecast



Note: Dotted bars indicate forecast. Orange line indicates the 20-year average state sales tax growth rate.
Source: Colorado Department of Revenue, OSPB Forecast

sales and use tax revenue of $6.3 million in FY 2023-24 and $4.4 million in FY 2024-25. The other bill passed during the 2023 legislative session with a sales and use revenue impact is HB 23-1272, Tax Policy that Advances Decarbonization, though its fiscal impact on sales and use revenue is relatively minor.

Vendor Fees

In accordance with HB 19-1245, Affordable Housing Funding from Vendor Fee Changes, beginning in FY 2021-22, the total net revenue gain from changes related to vendor fees was deposited into the Housing Development Grant Cash Fund (HDGF) for affordable housing initiatives. While the fiscal note for the bill initially projected new net revenue of $49.4 million in FY 2021-22, the actual collection exceeded expectations. This was attributed to subsequent legislation (HB 21-1312) and stronger-than-anticipated sales tax collections, including vendor fee collections. Consequently, a total of $66.1 million in revenue, stemming from these changes, was collected and directed to the Housing Development Grant Cash Fund during that fiscal year. In FY 2022-23, $71.0 million in vendor fee revenue dedicated to affordable housing was recorded, resulting in 7.4 percent growth from the previous year. Vendor fees projections for FY 2024-25 are $39.8 million ($36.5 million downward revision) and FY 2025-26 is $44.7 million ($35.5 million downward revision). The reason for this outsized downward revision is from a tax policy proposal in the Governor's November 1st budget, as $35 million is being reduced in vendor fees dedicated toward the Housing Development Grant Fund (HDGF) and replaced with sales of tax credits each year of the same amount, as outlined in the Governor's FY 2024-25 budget. The reallocation of a portion of the HDGF into a tax credit aims to increase investments in housing and simultaneously broaden the scope of the state Affordable Housing Tax Credit.

Figure 51. Vendor Fee Revenue Forecast

	FY 2022-23 Preliminary	FY 2023-24 Forecast	FY 2024-25 Forecast	FY 2025-26 Forecast
Vendor Fee Revenue (millions)	$71.0	$72.0	$74.8	$79.7
Housing Development Grant Fund Revenue (millions)	$71.0	$72.0	$39.8	$44.7

The vendor fee is an amount that a retailer is permitted to retain for its expenses incurred in collecting and remitting the state sales tax. Under current law, a retailer with monthly taxable sales of $1.0 million or less is able to retain a vendor fee of four percent, subject to a $1,000 monthly limit. As provided for by SB 22-006, Sales Tax Assistance for Small Business, beginning January 1, 2023, a retailer with less than $100,000 in monthly taxable sales is able to retain a vendor fee of 5.3 percent for calendar year 2023 only, subject to the $1,000 monthly limit.

Use Tax

Based on preliminary actuals, use tax revenue grew by 8.0 percent in FY 2022-23 to $251.2 million. This is following 8.6 percent growth and $232.6 million in collections in FY 2021-22. In FY 2023-24, revenue is expected to fall by 6.8 percent to $234.1 million, which is a downward revision of $10.8 million from the previous forecast. This downward revision is primarily influenced by the low collections reported between the months of September to November. During this period, year-over-year growth for each month recorded negative growth of 13.9 percent, 7.5 percent, and 18.4 percent, respectively. The negative year-over-year growth in FY 2023-24 is partly attributed to the deceleration in residential construction activity, which makes up a larger portion of the use tax base relative to the sales tax base. Following this subdued growth period, OSPB projects that increased investment and heightened construction activity will drive a revenue upswing, anticipated to occur at the end of FY 2024-25 and extend through most of FY 2025-26. In line with these expectations, use tax is projected to grow at a faster pace of 9.7 percent in FY 2024-25 to $256.7 million and 6.1 percent to $272.4 million in FY 2025-26. These projections continue to assume that the trade-off between sales and use tax revenue as a result of HB 19-1240, which codified the state's sales tax rules in response to the South Dakota v. Wayfair ruling, has largely leveled off to a new equilibrium relationship between sales and use tax collections.

Marijuana Sales

The 15 percent special sales tax on marijuana retail sales increased by 17.4 percent to $288.2 million in FY 2020-21 before falling 10.2 percent to $258.7 million in FY 2021-22. Revenue declined by 15.0 percent to $219.9 million in FY 2022-23 and is expected to rebound in FY 2023-24 to $228.7 million followed by additional growth to $259.6 million in FY 2024-25. Further analysis of marijuana tax collections can be found in the Revenue Outlook – Cash Funds section of this report.

Proposition EE and Other Excise Taxes

Proposition EE, approved in 2020 and effective in 2021, imposes additional taxes on cigarettes and tobacco products and charges a new tax on other nicotine products such as e-cigarettes. Through FY 2022-23, revenue from the Proposition EE-imposed taxes was largely transferred to the State Education Fund. In FY 2023-24, revenue will be transferred almost entirely into the Preschool Programs Cash Fund, aside from relatively small transfers of $10.95 million and $4.1 million to the Tobacco Tax Cash Fund and General Fund, respectively. In total, these taxes brought in $49.0 million in FY 2020-21 and $208.0 million in FY 2021-22 – the first full year of implementation. The 2020 Blue Book estimate for total Proposition EE revenue in FY 2021-22 was $186.5 million, or $21.5 million under actual revenue. Because actual revenue in FY 2021-22 came in higher than the 2020 Blue Book estimate, TABOR required that the General Assembly refer a ballot measure to retain the excess revenue. In the 2023 legislative session, the General Assembly passed HB23-1290[20] to refer Proposition II[21] to the November 2023 ballot to retain the revenue collected from Proposition EE in FY 2021-22 in excess of the 2020 Blue Book estimate. On December 4th the Secretary of State certified the Election and Proposition II was approved by voters[22].

- *Since voters approved Proposition II*, Proposition EE Taxes will remain at the same rate (listed in Figure 52 as original) and the State will be able to retain the revenue collected in FY 2021-22 in excess of the 2020 Blue Book estimate.
- *If the voters had rejected Proposition II*, then Proposition EE Taxes would have been reduced by 11.53 percent (listed in Figure 52 as reduced) and the State would have had to refund the revenue collected in FY 2021-22 in excess of the 2020 Blue Book estimate to taxpayers who paid the Proposition EE taxes.

An additional change that began in the June 2023 Forecast for both OSPB and LCS forecasts is the shift from cash basis to accrual basis forecasting for Proposition EE revenue. To comply with Generally Accepted Accounting Principles (GAAP), OSPB and LCS have come to a solution to begin forecasting Prop EE revenue and transfers beginning with FY 2022-23 on an accrual basis. By changing from cash basis to accrual basis for FY 2022-23, the amount of revenue and subsequent transfers for Prop EE for FY 2021-22 will be understated and FY 2022-23 will be overstated because no revenue from FY 2022-23 cash flow would be accrued back to FY 2021-22 on an accrual basis[23].

Figure 52: Assumed Proposition EE Tax Rates Based on Proposition II Outcome

Cigarettes (Per Pack)	2021	2022	2023	2024 (Jan-Jun)	July 2024 - June 2027	July 2027 Onward
Original (December)	1.94	1.94	1.94	1.94	2.24	2.64
Reduced (September)	1.94	1.94	1.94	1.81	2.08	2.43
Tobacco	**2021**	**2022**	**2023**	**2024 (Jan-Jun)**	**July 2024 - June 2027**	**July 2027 Onward**
Original (December)	50%	50%	50%	50%	56%	62%
Reduced (September)	50%	50%	50%	49%	54%	59%
Nicotine	**2021**	**2022**	**2023**	**2024 (Jan-Jun)**	**July 2024 - June 2027**	**July 2027 Onward**
Original (December)	30%	35%	50%	50%	56%	62%
Reduced (September)	30%	35%	50%	44%	50%	55%

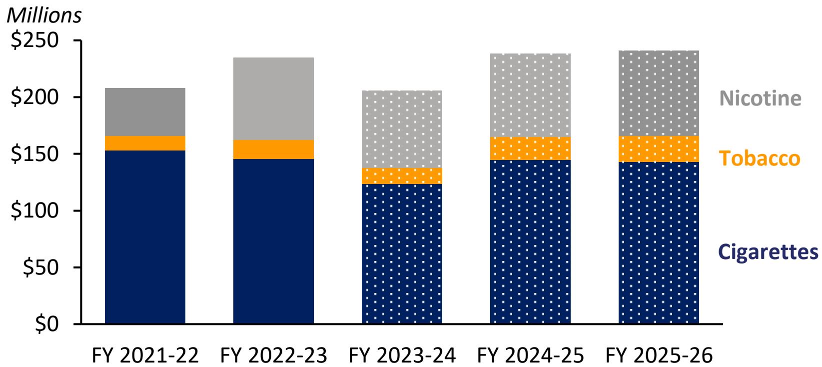
[20] More information about *HB23-1290, Proposition EE Funding Retention Rate Reduction* can be found at: https://leg.colorado.gov/bills/HB23-1290
[21] More information about the Blue Book Final Draft Packet for *Proposition II* can be found at: https://leg.colorado.gov/ballots/retain-nicotine-tax-revenue-excess-blue-book-estimate
[22] More information about the 2023 Coordinate Election can be found at: https://www.coloradosos.gov/pubs/newsRoom/pressReleases/2023/PR20231204ElectionCertification.html
[23] More information about GAAP standards can be found at the Governmental Accounting Standards Board (GASB) Governmental Accounting Research System (GARS). https://gars.gasb.org/Home

The September 2023 OSPB forecast assumed the lesser of the two proposed tax rates, since Proposition II had not yet been voted on at that time. The OSPB forecast for Proposition EE revenue for December 2023 and onward will revert back to using the original Proposition EE tax rates, as approved by voters based on the outcome of Proposition II. As a result, the December forecast has been revised up by $11.4 million to $205.6 million in FY 2023-24, by $22.8 million to $238.0 million in FY 2024-25, and by $30.4 million to $240.9 million in FY 2025-26. As shown in Figure 52, taxes on all three types of products will increase on July 1, 2024 and again to its maximum rate on July 1, 2027. As noted above, the bulk of these taxes are for the purposes of the implementation of universal preschool and will be deposited primarily in the Preschool Programs Cash Fund starting in FY 2023-24. The specific distributions are summarized below in Figure 53.

Figure 53. Proposition EE Revenue

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Total	**$208.0**	**$235.0**	**$205.6**	**$238.0**	**$240.9**
Other Transfers	$206.6	$233.6	$15.0	$35.0	$35.0
Preschool Programs Cash Fund	$1.4	$1.4	$190.6	$203.0	$205.9

Figure 54. Fiscal Year Proposition EE Revenue



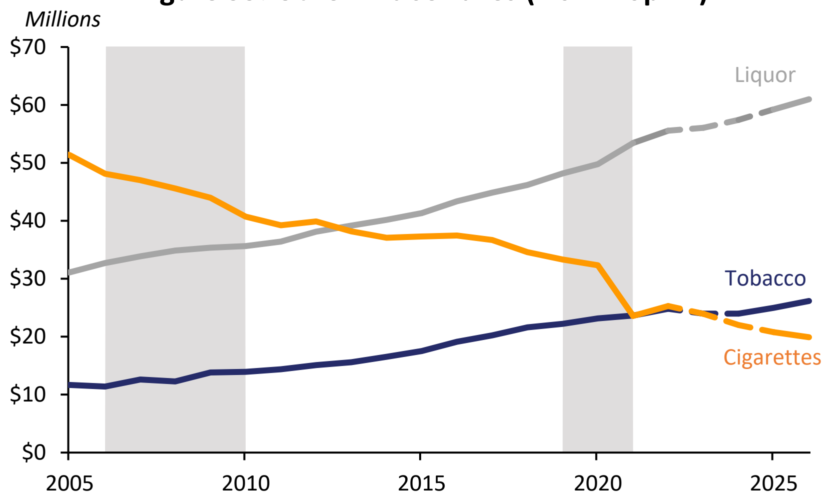
Note: Dotted region indicates forecast period. Accruals begin FY22-23
Source: Colorado Department of Revenue; OSPB Forecast

The bulk of Proposition EE revenue (65.0 percent in FY 2022-23) currently comes from taxes on cigarettes, for which the long-term consumption trends are negative. Cigarette sales dropped from FY 2021-22 to FY 2022-23 and are expected to decline in FY 2023-24. The percentage of revenue coming from cigarette taxes will average 61.0 percent during the forecast period and the percentage stemming from nicotine will increase considerably over the forecast period to match the drop from cigarettes. Nicotine consumption is estimated to increase over time, but OSPB estimates a drop in revenue in FY 2023-24, an increase in FY 2024-25, and a slight increase in FY 2025-26 for two reasons:

- The timing of the tax rate increase in calendar year 2024 being on July 1, rather than January 1 like other years means that FY 2023-24 will be the first fiscal year of Proposition EE revenue without an increase during the fiscal year. This means year-over-year growth from FY 2023-2024 to FY 2024-25 is very pronounced compared to other fiscal years and is primarily driven by the increased tax rates.

- Cigarette consumption continues to fall and electronic cigarette (nicotine) consumption continues to climb amongst all age groups[24]. This trend is particularly strong amongst the 18-34 age demographic, which from 2019 to 2022 saw cigarette consumption drop from 13.8 percent to 8.1 percent and electronic cigarette (nicotine) consumption increase from 8.1 percent to 12.1 percent.

Figure 55. Other Excise Taxes (Non Prop EE)



Sources: Department of Revenue; OSPB Forecast

In addition to Proposition EE, which is largely not subject to TABOR and is transferred out to other funds, the state collects other excise taxes that are credited directly to the General Fund. These other excise taxes include the initial statutory taxes on cigarettes and tobacco, as well as revenue from liquor taxes. Liquor and tobacco taxes, which are each charged as a percentage rate, have increased slowly over time while cigarette taxes, charged at a flat per pack amount, have fallen consistently. Revenue for liquor is forecast to grow by 2.3 percent in FY 2023-24 to $57.6 million, by 3.2 percent to $59.4 million in FY 2024-25, and by 2.9 percent to $61.2 million in FY 2025-26. Tobacco revenue is forecast to drop to $23.0 million in FY 2023-24, grow by 11.3 percent to $25.6 million in FY 2024-25, and by 4.7 percent to $26.8 million in FY 2025-26. However, cigarette revenue is forecast to decline 8.0 percent to $22.0 million in FY 2023-24, by 5.6 percent to $20.8 million in FY 2024-25, and by 4.2 percent to $19.9 million in FY 2025-26. Compared to the September forecast, there have been minor downward revisions to tobacco and liquor excise taxes while there continue to be more revisions to cigarette excise taxes as cigarette usage continues to decline.

Other General Fund Revenue

Other General Fund revenue includes insurance premium tax revenue, interest and investment income, and court receipts. Other General Fund Revenue increased by a substantial 57.0 percent in FY 2022-23 to $797.4 million, as insurance premium tax revenue and interest income grew by 32.4 percent and 178.5 percent, respectively. Interest earnings in FY 2022-23 were higher than all the interest revenue collected from FY 2008-09 to FY 2019-20 combined, driving the significant overall Other General Fund revenue increase. In FY 2023-24, Other General Fund revenue is expected to decrease by a relatively small 0.5 percent to $793.7 million total as changes to

[24] National Center for Health Statistics, National Health Interview Survey. *wwwn.cdc.gov/NHISDataQueryTool/ER_Biannual/index_biannual.html*

insurance tax policy are fully integrated, interest continues to grow slightly, while the category of other income faces significant decreases in a return to trend after a one-time jump. For FY 2023-24 and FY 2024-25, projections are revised up by $46.3 million and $51.9 million respectively, driven both by interest income due to elevated interest rates, and insurance premiums due to larger than previously expected fiscal impacts of HB21-1312, Insurance Premium Property Sales Severance Tax.

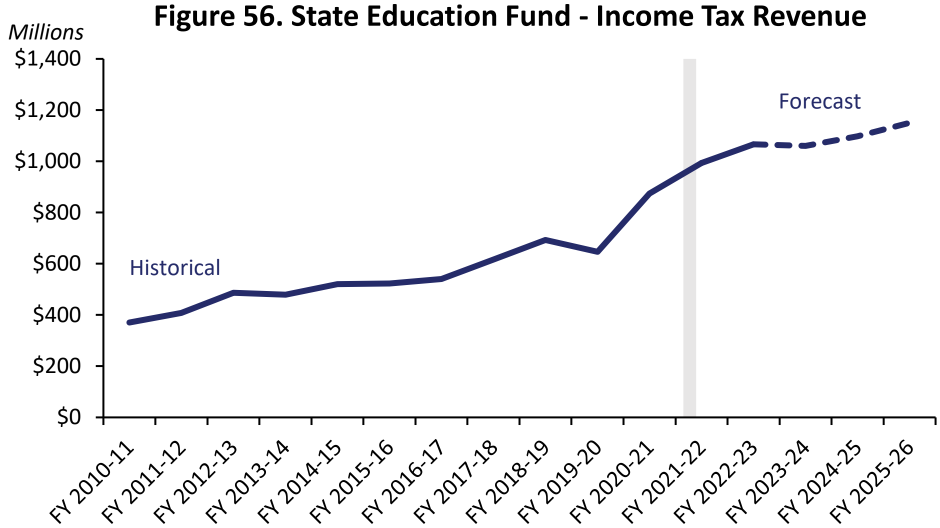
Interest income is forecast to increase by 3.9 percent to $200.3 million in FY 2023-24. On average, General Fund investment income earned interest at 1.13 percent in FY 2021-22. Comparatively, General Fund investment income earned an average interest rate of 2.79 percent in FY 2022-23 and in the first few months of this fiscal year surpassed 3.5 percent. Currently, interest revenue received through the first four periods of FY 2023-24 is 69.6 percent higher than the revenue received during the same period in the previous fiscal year. With this trend continuing into FY 2023-24, and with interest rates likely remaining elevated well into the fiscal year and significant amounts of TABOR refunds accruing interest income, there is potential upward pressure on Other General Fund revenue in FY 2023-24. During FY 2024-25, interest income is revised up by $34.5 million, though it is expected to decrease 25.4 percent year-over-year due to the lower level of TABOR refunds relative to FY 2022-23 and Federal Funds rate cuts during FY 2024-25. OSPB expects this downward trend to continue into FY 2025-26 with a 17.4 percent decrease in interest income due to falling interest rates as monetary policy is expected to ease.

During FY 2022-23, insurance revenue grew by 32.4 percent from the prior year, strengthening its pace during the second half of the fiscal year. This revenue growth is largely due to HB21-1312, which reduced the size of the annuities exemption and the regional home office rate reduction. The December forecast has been revised up by $7.3 million from the September forecast due to signs of strength from early collections. In FY 2023-24 and FY 2024-25, insurance revenue growth is expected to normalize to 3.6 percent and 3.7 percent respectively, as the legislative effects on revenue are not expected to grow in the out-years.

State Education Fund

Revenue to the State Education Fund (SEF) from income taxes reached $1,066.4 million (or $1.07 billion) in FY 2022-23, reflecting 7.3 percent growth and an additional $72.9 million from the $993.5 million in revenue collected in FY 2021-22. Growth in revenue to the SEF in FY 2022-23 can largely be attributed to corporate income tax revenue growing by 50.9 percent, as individual income tax revenue dropped year-over-year. In FY 2023-24, income tax revenue to the SEF is expected to fall by $6.3 million, or 0.6 percent, to $1,060.1 million as corporate income tax revenue is forecast to drop from record highs. Despite falling year-over-year revenue, this is an upward revision from the September forecast of $76.1 million largely due to upward revisions in corporate income tax revenue. In FY 2024-25, revenue is forecast to increase by 3.6 percent and $38.2 million to $1,098.3 million as individual income is expected to grow. While overall income tax revenue in FY 2024-25 is revised down from September, the income tax diversion to the SEF is revised up $52.6 million to better align anticipated proportional diversion amounts with prior-year actuals. In FY 2025-26, growth is forecast at 4.7 percent, leading to SEF revenue of $1,150.3 million and an upward revision of $66.9 million from the September forecast.

Figure 56. State Education Fund - Income Tax Revenue



Source: Colorado Department of Revenue, OSPB Forecast

The Colorado Constitution requires that one-third of one percent of Colorado taxable income is 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.

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 section highlights those cash fund revenues that are subject to TABOR or that have significant fiscal implications.

After strong 19.0 percent growth in FY 2021-22, cash funds returned to a more tempered 3.5 percent growth in FY 2022-23. Total cash fund revenue in the recently completed fiscal year totaled $2,758.0 million. Forecast revenue for FY 2023-24 is revised down by $36.6 million, largely due to downward revisions in other miscellaneous cash funds as a result of the Governor's budget, slightly countered by slight revisions up in severance tax revenue and transportation revenue. The end result is a projected 2.9 percent decline in cash funds subject to TABOR in the current fiscal year. Expectations were also revised down for FY 2024-25 by $49.7 million from the prior forecast largely driven by limited gaming and miscellaneous cash funds also resulting from the Governor's FY 2024-25 budget proposal. However, FY 2024-25 is expected to rebound to 4.9 percent growth in revenue after a year of declining revenue in FY 2023-24. Revenue is projected to stabilize and grow 2.0 percent in FY 2025-26.

Overview of Cash Funds

Transportation: Transportation revenue is expected to have strong growth in the upcoming year, as OSPB forecasts a 10.6 percent increase from the previous year, driven by motor and special fuel taxes, increasing Road Usage Fees, and continued elevated registration revenue with a restored Road Safety Surcharge. In FY 2024-25, revenue is expected to grow 5.0 percent, sustained by Road Usage Fees and Other Non-HUTF Transportation funds.

Limited Gaming: Limited gaming had a strong year in FY 2022-23 with 5.2 percent growth from the previous fiscal year, due to record numbers of adjusted gross proceeds. Adjusted Gross Proceeds (AGP) is expected to return to more normal trends during the forecast horizon, applying downward pressure on gaming revenue in the long term. The drop in estimated revenue in FY 2024-25 is linked to the Governor's Budget request on revenue classification for distribution to another government.

Severance: Severance tax revenue collections broke the all-time state annual collection record in FY 2022-23 at $374.6 million as oil and gas prices maintained above-average levels. In FY 2023-24, revenue is projected to decline by 41.7 percent to $218.5 million even with a similar oil price forecast in FY 2022-23 as higher taxpayer usage of ad valorem credit claims drag on revenue collections. In FY 2024-25, collections are estimated to increase by 18.7 percent to $259.3 million despite similar oil price expectations as FY 2023-24, as there is less of a projected revenue drag from ad valorem credit claims. In FY 2025-26, revenue is forecast to drop by 6.2 percent to $243.2 million.

Regulatory Agencies Revenue: DORA's revenue in FY 2022-23 came in at $89.4 million, but OSPB expects a decline in revenue for FY 2023-24 as a result of increased revenue impacts for nurses and mental health professionals fee relief passed in past legislation. As a result of this legislative impact and a reversion to trend fee collections, FY 2023-24 revenue is expected to drop 4.6 percent to $85.2 million. In FY 2024-25, revenue is expected to bounce back by 14.7 percent to $97.8 million, followed by a more moderate 3.1 percent increase in revenue in FY 2025-26.

Other Cash Funds Subject to TABOR: Forecasts for FY 2023-24 have been revised down 6.7 percent from the September forecast largely as a result of impacts to the Employment Support Fund and the Housing Development Grant Fund tied to requests in the Governor's Budget. Additionally, large Judicial Cash Funds are expected to normalize and drop in revenue after a higher than expected FY 2022-23. Out-year fiscal year forecasts are expected to grow at a moderate pace of 3.5 percent in FY 2024-25 and 1.3 percent in FY 2025-26.

Notable Cash Funds Not Subject to TABOR: OSPB continues to revise marijuana revenue forecasts down with received revenue lower than anticipated due to low prices despite steady demand. However, wholesale prices are showing signs of a rebound, which likely indicate an impending uptick in retail prices as well in the coming months. Federal Mineral Lease (FML) revenue increased by 38.8 percent in FY 2022-23 to $173.6 million, primarily due to elevated natural gas prices throughout the first half of the fiscal year driving higher revenue collections. However, with lower prices currently, FML revenue is expected to fall 36.1 percent in the current year and stabilize there. Sports betting tax revenue in the coming fiscal years will be driven by rising hold percentages and the effective tax rate, both of which OSPB expects to climb slowly over the coming years, largely stabilizing sports betting revenue.

Transportation

Transportation-related cash funds include the Highway Users Tax Fund (HUTF), the State Highway Fund (SHF), and a handful of smaller cash funds. Transportation revenue has experienced some turbulence in the past few years, with many competing factors applying pressure to the revenue stream. Transportation revenue grew a total of 2.2 percent in FY 2022-23 and is expected to grow a total of 10.6 percent in FY 2023-24. This is an upward revision from the September forecast, due to improved expectations on travel supporting higher fuel tax revenue and other related fees. The larger than normal growth in revenue is also due to the rolling off of recent legislative limits, as well as full implementation of new fees. Legislation includes the delay of Road Usage Fees and limits on revenue for motor fuel taxes and the Road Safety Surcharge. OSPB expects upward revenue pressure in FY 2023-24 as this legislation rolls off in the coming years, even as economic conditions are projected to weaken in late FY 2023-24 and early FY 2024-25. Overall, the expectation for transportation revenue is steady growth in the out-years with 5.0 percent growth in FY 2024-25 and 3.7 percent growth in FY 2025-26.

Figure 57. Detailed Transportation Cash Fund Forecast

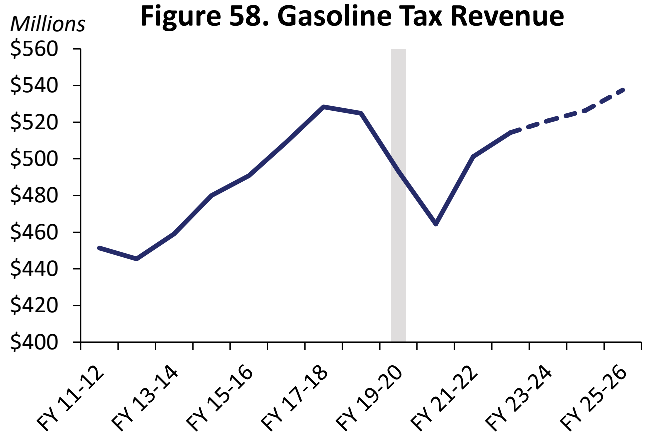
	Actual FY 22-23	Forecast FY 23-24	Forecast FY 24-25	Forecast FY 25-26
Highway Users Tax Fund (HUTF)				
Motor and Special Fuel Taxes	$652.3	$662.0	$671.9	$686.5
Percent Change	*3.0%*	*1.5%*	*1.5%*	*2.2%*
Road Usage Fees	$12.7	$88.1	$120.9	$145.8
Percent Change	*N/A*	*593.8%*	*37.2%*	*20.6%*
Total Registrations	**$328.6**	**$374.1**	**$396.1**	**$412.2**
Percent Change	***-15.3%***	***13.9%***	***5.9%***	***4.1%***
Registrations	$219.9	$235.1	$235.8	$245.9
Road Safety Surcharge	$72.4	$102.3	$124.9	$129.0
Late Registration Fees	$36.3	$36.7	$35.4	$37.3
Other HUTF	$72.4	$72.8	$73.7	$74.4
Percent Change	*15.3%*	*0.5%*	*1.3%*	*0.9%*
Total HUTF	**$1,066.0**	**$1,197.0**	**$1,262.6**	**$1,319.0**
Percent Change	***-0.6%***	***12.3%***	***5.5%***	***4.5%***
Non-HUTF				
State Highway Fund	$27.5	$30.6	$27.4	$24.7
Percent Change	*-8.1%*	*11.1%*	*-10.4%*	*-9.9%*
Other Transportation Funds	$173.3	$173.1	$180.9	$182.0
Percent Change	*71.0%*	*-0.1%*	*4.5%*	*0.6%*
Total Transportation Revenue				
Total Transportation	**$1,266.7**	**$1,400.7**	**$1,470.9**	**$1,525.7**
Percent Change	***2.2%***	***10.6%***	***5.0%***	***3.7%***

The Highway Users Tax Fund is the largest transportation-related cash fund, with revenues primarily coming from motor fuel taxes and motor vehicle registrations. Motor fuel taxes make up over half of the HUTF and comprise both gas and diesel tax revenue. OSPB has made a revision upward from September for the HUTF for FY 2023-34 by $17.1 million and $6.3 million in FY 2024-25.

OSPB expects continued strength in revenue to levels previously seen pre-pandemic, as received revenue for this fiscal year has exceeded the collections from the same period during FY 2017-18 which was the peak for gasoline revenue collections in Colorado. Thereafter, steady growth is expected through the end of the forecast horizon, due to relatively stable demand for travel. However, there will be downward pressure on gasoline tax revenue beyond this three-year forecast horizon as electric vehicles become more widely adopted. According to the Colorado Automobile Dealers Association, there was a 10.2 percent increase in more battery electric vehicle (BEV) registrations in the first quarter of 2023 compared to the first quarter of 2022, as electric cars continue to gain more popularity in Colorado.

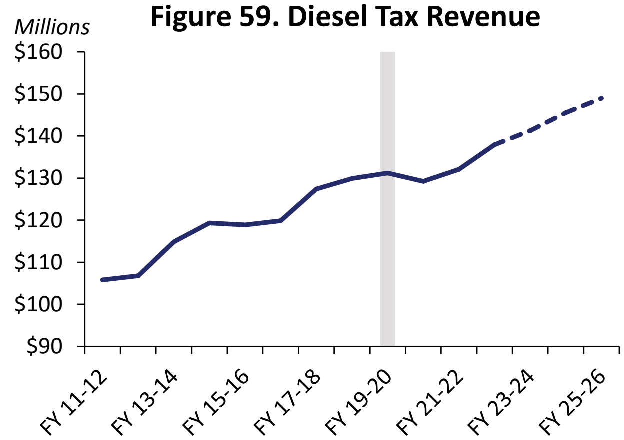
Diesel tax revenue continued its strong growth trend into FY 2022-23, with a record year of $137.9 million in revenue. Elevated consumer spending has increased business operations and shipping, placing significant upward pressure on diesel tax revenue. After a record year, OSPB expects a return to the previous trend of slower growth, based on slowing growth in personal consumption of goods, and there is an expectation for a drop-off in diesel tax revenue in FY 2023-24 to $141.3 million. In FY 2024-25 and FY 2025-26, growth is expected to return to trend with revenue collections totaling $145.5 million and $149.0 million respectively.

Figure 58. Gasoline Tax Revenue



Note: Dotted line indicates forecast; shading denotes recession.
Source: Colorado Department of Revenue

Figure 59. Diesel Tax Revenue



Note: Dotted line indicates forecast; shading denotes recession.
Source: Colorado Department of Revenue

OSPB also forecasts a notable rebound of 13.9 percent from the previous year's revenue in the Total Registrations account within the HUTF. This small revision downward from the September forecast is largely driven by received revenue in recent months. It is likely that high interest rates have begun to discourage new car sales and applied downward pressure on registration revenue.

OSPB expects relatively slow yet consistent growth during the forecast period. Another substantial portion of Total Registrations is the Road Safety Surcharge. The Road Safety Surcharge has been limited by reductions laid out in SB21-260 and HB22-1351. HB22-1351 is set to expire halfway through FY 2023-24, which will apply upward pressure on the Road Safety Surcharge revenue that fiscal year.

Figure 60. HUTF Distributions, Annual Forecast

	Actual FY 22-23	Forecast FY 23-24	Forecast FY 24-25	Forecast FY 25-26
First Stream				
Off-the-Top Deductions	$165.8	$181.2	$195.1	$195.1
CDOT - State Highway Fund (65%)	$185.6	$193.5	$174.6	$186.8
Counties (26%)	$74.2	$77.4	$69.8	$74.7
Cities (9%)	$25.7	$26.8	$24.2	$25.9
Total First Stream	**$451.3**	**$478.9**	**$463.7**	**$482.4**
Second Stream				
CDOT - State Highway Fund (60%)	$368.8	$430.9	$479.3	$501.9
Counties (22%)	$135.2	$158.0	$175.8	$184.0
Cities (18%)	$110.6	$129.3	$143.8	$150.6
Total Second Stream	**$614.7**	**$718.1**	**$798.9**	**$836.6**
Total HUTF Distributions				
Total HUTF	**$1,066.0**	**$1,197.0**	**$1,262.6**	**$1,319.0**

Other transportation-related funds include the State Highway Fund (SHF) and other miscellaneous revenue, which make up a smaller portion of total revenue than the HUTF. Revenue to the SHF is made up of various smaller revenue streams including sales of state property and earned interest. OSPB forecasts the stabilization of the SHF, followed by a slight decline for the out-years driven by special transport permits and other services returning to historical norms.

The category of “other transportation funds” forecast has been realigned to include the entire DRIVES account, as HB22-1339 combined the revenue from the Licensing Services Cash Fund into the DRIVES account. Thus, DRIVES will now be counted within the transportation forecast, rather than within the “other miscellaneous cash fund” revenue stream. Additionally, this category now includes Multimodal Transportation Options Fund which was realigned from the Miscellaneous Cash Funds forecast earlier this year.

Continued strength in aviation revenue resulted in strong overall growth for other transportation revenue in FY 2022-23, however aviation revenue is expected to slow in the current fiscal year. While OSPB expects elevated travel to continue through the end of the calendar year, the growth is expected to decline beginning in 2024 due to relative costs of air versus automobile travel. Aviation revenue is down 21.7 percent compared to the same period in the previous fiscal year. The addition of DRIVES and Multimodal Transportation Options Fund are expected to largely offset losses in aviation revenue. OSPB estimates stability in other transportation funds revenue in FY 2023-24 with a 0.1 percent decrease year-over-year, followed with a 4.5 percent increase in FY 2024-25 before a minimal 0.6 percent expected increase in FY 2025-26.

Limited Gaming

Sustained strength in demand and the continued impacts of Amendment 77 on gaming revenue drove total gaming revenue up by 7.5 percent to $176.0 million in FY 2022-23. Going forward, it is expected that out-year gaming revenue will slow slightly after a period of strong demand and grow at or around pre-Amendment 77 trend growth in FY 2023-24, FY 2024-25, and FY 2025-26. These numbers and the corresponding distributions are shown in Figure 61 below. Additionally, it is worth noting that the limited gaming category in FY 2024-25 and FY 2025-26 has decreased when compared to previous forecasts. This is a result of the Governor's November 1st Budget requesting the proper classification of funds intended for cities and counties as TABOR exempt. With this proposed change, this revenue is not included in the total gaming revenue subject to TABOR. These amounts, listed in line F within figure 61 below, will continue to be disbursed to counties and cities at the same distribution they were previously.

Figure 61. Limited Gaming Distributions

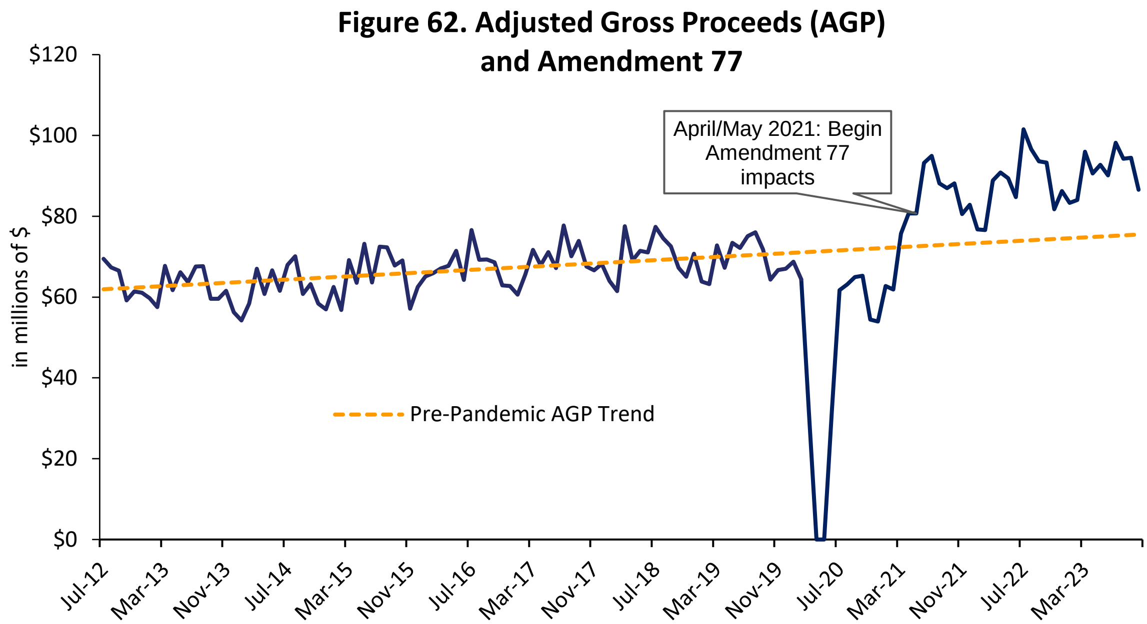
Distribution of Limited Gaming Revenues	Actual FY 22-23	Forecast FY 23-24	Forecast FY 24-25	Forecast FY 25-26
A. Total Limited Gaming Revenues (Includes Fees and Interest)	**$176.0**	**$177.5**	**$182.7**	**$188.6**
Annual Percent Change	7.5%	0.8%	3.0%	3.2%
3.5% Cap	$169.38	N/A	N/A	N/A
B. Gaming Revenue Exempt from TABOR (Extended Limited)	**$52.1**	**$55.1**	**$56.8**	**$58.9**
Annual Percent Change	7.9%	5.9%	3.0%	3.7%
C. Gaming Revenue Subject to TABOR (Limited)	**$121.3**	**$122.3**	**$100.5**	**$103.5**
Annual Percent Change	5.2%	0.8%	-17.8%	2.9%
D. Total Amount to Base Revenue Recipients	**$108.5**	**$112.1**	**$90.2**	**$93.2**
Amount to State Historical Society (28%)	$30.4	$31.4	$32.4	$33.4
History Colorado (80% of 28%)	$24.3	$25.1	$25.9	$26.8
Grants to Cities for Historical Preservation (20% of 28%)	$6.1	$6.3	$6.5	$6.7
Amount to Counties (12%)	$13.0	$13.4		
Amount to Cities (10%)	$10.8	$11.2		
Amount to Distribute to Remaining Programs (State Share) (50%)	$54.2	$56.0	$57.8	$59.7
Local Government Impact Fund	$6.7	$7.0	$7.2	$7.4
Colorado Tourism Promotion Fund	$15.0	$15.0	$15.0	$15.0
Creative Industries Cash Fund	$2.0	$2.0	$2.0	$2.0
Film, Television, and Media Operational Account	$0.5	$0.5	$0.5	$0.5
Bioscience Discovery Evaluation Fund	N/A	N/A	N/A	N/A
Advanced Industries Acceleration Fund	$5.5	$5.5	$5.5	$5.5
Innovative Higher Education Research Fund	$2.1	$2.1	$2.1	$2.1
Responsible Gaming Fund	$2.5	$2.5	$2.5	$2.5
State Historical Society Strategic Initiatives Fund	$0.0	$0.0	$0.0	$0.0
Transfer to the General Fund	$19.89	$21.5	$23.0	$24.7

E. Total Amount to Amendment 50 Revenue Recipients	**$47.5**	**$50.5**	**$52.1**	**$54.2**
Community Colleges, Mesa and Adams State (78%)	$37.0	$39.4	$40.7	$42.3
Counties (12%)	$5.7	$6.1	$6.3	$6.5
Cities (10%)	$4.7	$5.1	$5.2	$5.4
F. Total Amount to Counties and Cities Originally from Limited Gaming			**$25.4**	**$26.3**
Amount to Counties (12%)			$10.8	$11.2
Amount to Cities (10%)			$9.0	$9.3

As shown in Figure 61, OSPB forecasts total gaming revenue to grow 0.8 percent in fiscal year 2023-24, and 3.0 percent and 3.2 percent in FY 2024-25 and FY 2025-26. As result of a taxation of free play rule that was delayed due to the pandemic, growth in total gaming revenue is capped at 3.5 percent starting with a base year of FY 2021-22. If gaming revenues exceed this threshold, casinos get a share of the amount above this threshold in the form of a tax rate adjustment. If the FY 2024-25 total amount of gaming revenues exceeds 10.87 percent of growth compared to the base year (FY 2021-22) total gaming revenues, this pilot program will become permanent.

Currently, OSPB expects FY 2022-23 to be the only year in the forecast period to exceed this 3.5 percent cap, as OSPB forecasts slower growth in the out-years as adjusted gross proceeds (AGP) and revenue return to slower pre-pandemic growth trends. However, OSPB expects this rule to become permanent and for total gaming revenues to grow by more than the 10.87 percent threshold by the end of FY 2024-25. With participating casinos and gaming operators incentivized to have this rule become permanent, they are likely to utilize marketing and various business methods to increase revenue, and therefore boost taxation revenue in the coming years.

Strength in gaming revenue in FY 2022-23 and the out-years is a result of a continuation in elevated tax collections and AGP after the passage and implementation of Amendment 77. Specifically, AGP in FY 2022-23 was up 29.7 percent over FY 2018-19. However, received AGP for the first four periods of the current fiscal year has shown a 3.0 percent decrease from AGP when compared to the same period from the previous fiscal year, but this number is still 30.0 percent greater than AGP collected in the first four months of FY 2019-20. These trends in AGP pre- and post-Amendment 77 are shown in Figure 62. Going forward, it is expected that AGP, and thus revenue, will likely have similar growth rates to pre-Amendment 77 but at an elevated level now that the initial shock of Amendment 77 expanding gaming revenue have been fully incorporated and settled.



Source: Colorado Department of Revenue; Division of Gaming.

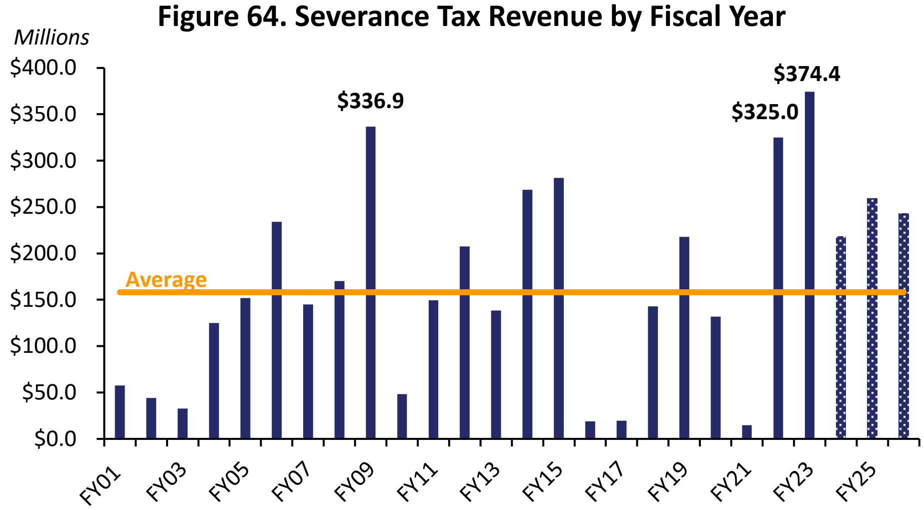
Severance

Severance tax revenue collections broke the all-time state annual collection record in FY 2022-23 at $374.6 million as oil and gas prices maintained above-average levels over the first half of the fiscal year, though they have retreated since the turn of the calendar year. In FY 2023-24, revenue is projected to decline by 41.7 percent to $218.5 million even with similar forecast oil prices as FY 2022-23 as higher taxpayer usage of ad valorem credit claims and lower natural gas prices drag on revenue collections. This is a $13.7 million upward revision from the September forecast primarily from year-to-date actuals coming in above forecast expectations. In FY 2024-25, collections are estimated to increase by 18.7 percent to $259.3 million despite similar oil price expectations as FY 2023-24, as there is less of a projected revenue drag from ad valorem credit claims. This is a $17.1 million upward revision from the September forecast due to increasing oil price expectations. Finally, in FY 2025-26, revenue is forecast to drop by 6.2 percent to $243.2 million, representing a $5.2 million upward revision from September. Throughout the forecast period, revenue is forecast to remain above the long-term average of $158.1 million.

Figure 63. Severance Tax Revenue				
	Preliminary FY 2022-23	**Forecast FY 2023-24**	**Forecast FY 2024-25**	**Forecast FY 2025-26**
Oil & Gas	$347.1	$191.2	$236.3	$223.5
Coal	$4.4	$4.6	$4.4	$4.3
Moly & Metals	$0.6	$2.0	$2.1	$2.1
Interest	$22.4	$20.6	$16.5	$13.2
Total	**$374.6**	**$218.5**	**$259.3**	**$243.2**
Change	***15.3%***	***-41.7%***	***18.7%***	***-6.2%***

The previous annual record for severance tax revenue was $336.9 million in FY 2008-09, and FY 2022-23 outpaced the record year by nearly $40 million. In earlier forecasts, OSPB projected FY 2022-23 severance tax revenue to retreat from FY 2021-22 levels of $325.0 million due to lower oil and gas prices on average compared to the prior fiscal year along with projected ad valorem credit claims creating a more significant revenue drag over the final quarter of the fiscal year. Ad valorem credit claims, which are based on local property tax assessments of the value of oil and gas production, currently allow oil and gas taxpayers to reduce their severance tax liability by up to 87.5 percent of the real property taxes they most recently paid to their local governments, school districts, and special districts. That said, there is a one-to-two-year lag between when the production is valued by county assessors and when the credit is applied against state severance taxes. Thus, increased ad valorem credit claims related to Tax Year 2022 were forecast to drag on revenue in FY 2022-23, however, ad valorem credit claims were significantly lower than forecast in Tax Year 2022. At this time, it is now expected that most of the revenue drag from ad valorem credit claims will take place in FY 2023-24 as claims will likely be more utilized than in FY 2022-23. With oil prices in FY 2023-24 projected to remain around the same average price as FY 2022-23 and natural gas prices anticipated to remain well below average, ad valorem credit claims are forecast to have a more pronounced effect and reduce severance tax revenue collections year-over-year in FY 2023-24. Despite the projected revenue drag from ad valorem credit claims, revenue is still expected to remain above the long-term average in FY 2023-24 and throughout the forecast period with production levels increasing year-over-year in 2023. Statewide production expectations remain relatively strong going forward alongside oil prices remaining above the long-term average.

Figure 64. Severance Tax Revenue by Fiscal Year



Beginning in FY 2023-24, the distribution for severance tax revenue changes due to provisions within HB23-1272, Tax Policy that Advances Decarbonization, which reduces the ad valorem credit for oil and gas taxpayers from 87.5 percent to 75 percent in Tax Years 2024 and 2025 and allocates the additional revenue from this tax change to the Decarbonization Tax Credits Administration Cash Fund for costs associated with the administration of decarbonization tax credits provided for within the bill. Tax Year 2026 includes additional changes to the ad valorem credit, which are accounted for in this forecast. Any funds above $100,000 remaining in the Decarbonization Tax Credits Administration Cash Fund at the end of a fiscal year are transferred to the General Fund.

By statute, the remaining 50 percent of severance tax revenue is distributed to the Department of Natural Resources and the other 50 percent is allocated to the Department of Local Affairs. Of the amount distributed to the Department of Natural Resources, 50 percent is allocated toward water projects and loans while the other 50 percent is used for departmental programs, including natural resource and energy-related programs. For the Department of Local Affairs, 70 percent of their share is allocated toward local impact grants and loans for local governments socially or economically impacted by mineral extraction, while 30 percent is distributed to local governments based on measures related to oil, gas, and mining activities. That distribution is reflected in Figure 65.

Figure 65. Severance Tax Forecast Distribution Table

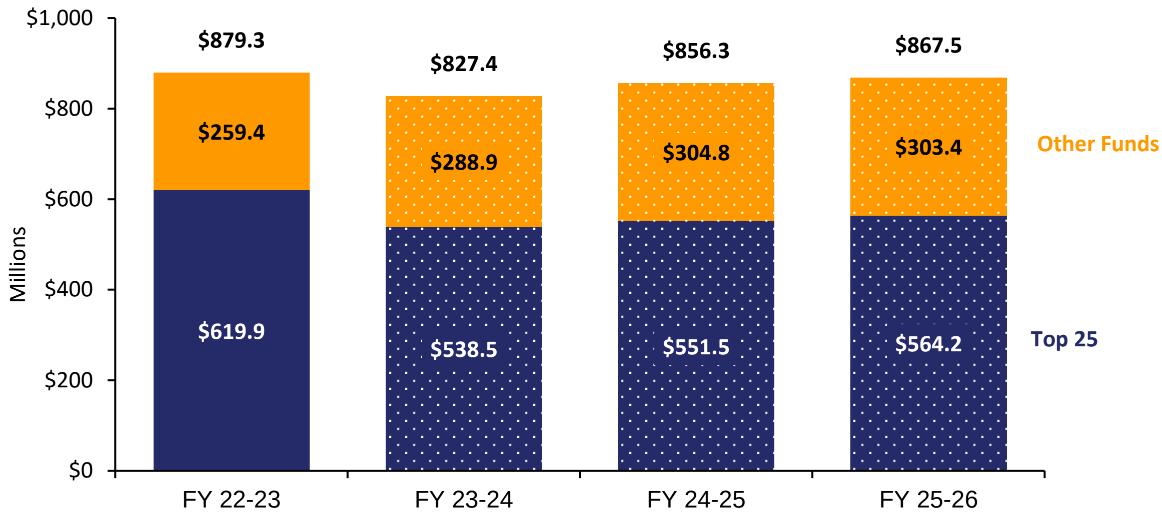
	Preliminary FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
Total Severance Tax Revenue (excluding interest, in millions)	**$352.2**	**$197.8**	**$242.8**	**$229.9**
Distribution				
Decarbonization Tax Credits Administration	$0.0	$12.9	$29.2	$32.3
Department of Natural Resources	$176.1	$92.5	$106.8	$98.8
Department of Local Affairs	$176.1	$92.5	$106.8	$98.8

Other Cash Funds Subject to TABOR

The State receives revenue from a variety of other, smaller cash funds. This includes non-exempt cash fund revenue to the Department of Regulatory Agencies (DORA), which is made up of revenue from professional and occupational licensing, the Public Utilities Commission, and other sources. DORA's revenue in FY 2022-23 came in at $89.4 million, but OSPB expects a decline in revenue for FY 2023-24 as a result of increased revenue impacts for nurses and mental health professionals passed in HB22-1298, Fee Relief Nurses Nurse Aides and Technicians, and HB22-1299, License Registration Fee Relief for Mental Health Professionals.

These two bills are expected to reduce revenue by $8.6 million in the current fiscal year, compared with a $6.8 million reduction in the recently completed FY 2022-23. As a result of this legislative impact and a reversion to trend fee collections, FY 2023-24 revenue is expected to drop 4.6 percent to $85.2 million. In FY 2024-25, revenue is expected to bounce back by 14.7 percent to $97.8 million, largely a result of these fee reductions rolling off, followed by a more moderate 3.1 percent increase in revenue in FY 2025-26.

Figure 66. Miscellaneous Cash Fund Forecast



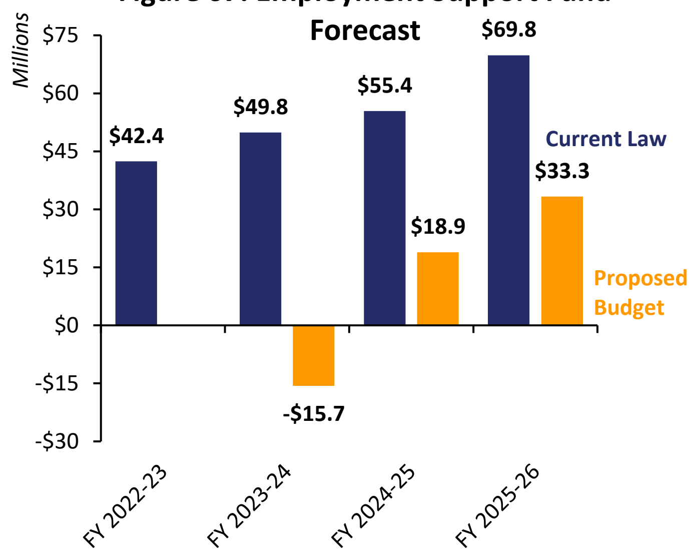
Note: Dotted region indicates forecast period
Source: Department of Revenue

The category of "Other Miscellaneous Cash Funds" includes revenue from over 300 cash fund programs that collect revenue from fees, fines, and interest earnings. Historically, OSPB has broken this forecast down into the 30 funds that tend to have the largest revenue separately from the rest of the smaller cash funds. Beginning with this December 2023 revenue forecast, OSPB has transitioned to a structure that breaks down this forecast into an updated list of 25 funds that had the most revenue in FY 2022-23 and separate out the rest of the smaller cash funds.

The updated list of 25 funds, or the "Top 25", accounted for 71.3 percent of revenue in the Miscellaneous Cash Fund forecast in FY 2022-23. Eight of the funds within the Top 25 are administered by the Judicial branch. These Judicial funds accounted for a fifth of all Miscellaneous Cash Fund Revenue in FY 2022-23 and are primarily funded through court fines. OSPB conducted a review session with Judicial to get their input on these 8 funds and based on their feedback, OSPB revised down FY 2023-24 estimates from the September OSPB Forecast. The other important change from September is that the Governor's November 1st Budget submission has a net downward revenue revision for Miscellaneous Cash Funds through the forecast period which is described further below.

Downward pressure on revenue in the miscellaneous cash funds is caused by proposals within the Governor's November 1st Budget, which include reductions to the Employment Support Fund (ESF) from the reduced cap in all forecast years, the Housing Development Grant Fund (HDGF) in FY 2024-25 and FY 2025-26, and a fee reduction to CDPHE's Recycling Resources Economic Opportunity Fund in FY 2024-25 and FY 2025-26. For the ESF, there is an ongoing impact of changing the distributions from Unemployment Compensation Fund (UCF) to ESF that will limit the amount of ongoing revenue generated by the ESF by $23.5 million. Additionally for the ESF, there is a one-time impact of $29.0 million by lowering the cap on reserves from $32.5 million to $3.5 million. Note that the negative reserves collected is a reflection of the amount of money credited back to the UCF due to high fund balances.

Figure 67. Employment Support Fund Forecast



For HDGF, the Governor's November 1st Budget Submission proposes to reduce the transfer to the HDGF by $35 million in FY 2024-25 and beyond. These reduced transfers are proposed to be offset by increased tax credits to support housing development by the same amount. These revenue reductions more than offset the anticipated $19.9 million increase from fee increases and result in an overall revision down in revenue to Miscellaneous Cash Funds across the forecast period.

Figure 68. Housing Development Grant Fund Forecast

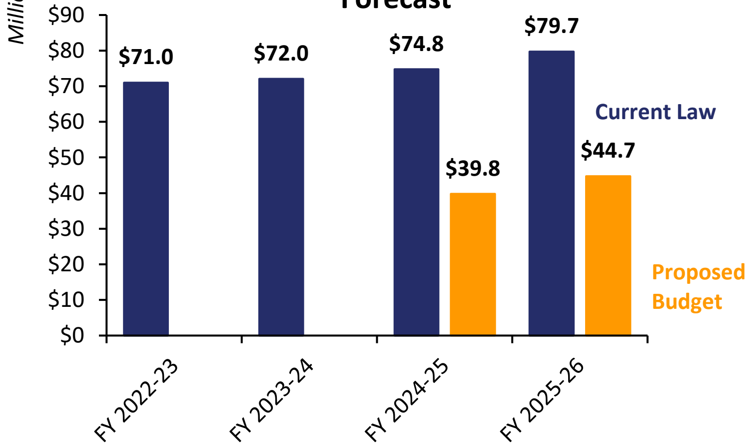


Figure 69. Miscellaneous Cash Fund Forecast ($ millions)

Fiscal Year	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Top 25	$619.9	$538.5	$551.5	$564.2
Other	$259.4	$288.9	$304.8	$303.4
Total	$879.3	$827.4	$856.3	$867.5

In FY 2023-24, revenue collections for aggregated miscellaneous cash funds are expected to drop 5.9 percent to $827.4 million. Out-year fiscal year forecasts are expected to grow at a moderate pace of 3.5 percent in FY 2024-25 and 1.3 percent in FY 2025-26.

Figure 70. Miscellaneous Cash Fund Forecast – Growth Rate

Fiscal Year	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Top 25	4.8%	-13.1%	2.4%	2.3%
Other	-6.6%	11.4%	5.5%	-0.5%
Total	1.1%	-5.9%	3.5%	1.3%

An additional item added during this forecast is the individual annual estimates for the Top 25 group of cash funds within the miscellaneous revenue forecast. Those estimates are detailed in the appendix in Table 6b.

TABOR Exempt Funds with Significant Fiscal Implications

Outside of the cash funds subject to TABOR discussed above, OSPB also forecasts marijuana, federal mineral lease (FML), and sports betting revenues because of the significant budgetary implications of these revenues. In particular, these revenues impact the General Fund, Marijuana Tax Cash Fund, distributions to local governments, BEST funding for school capital construction, the Public School Fund, and the Water Plan Implementation Cash Fund, each of which is shown in more detail below.

Marijuana

Marijuana revenue continues to come in lower than anticipated due to prolonged downward price effects. However, the most recent wholesale prices for flower have risen nearly 16 percent, from $640 per pound to $750 in the past six months (April-October). These wholesale price increases indicate that post-pandemic price lows due to oversupply may be over. As a result, wholesale prices and thus the 15 percent excise tax charged on wholesale marijuana is likely to stabilize and begin a positive trajectory. Price changes for retail marijuana tend to lag wholesale price trends, and consequently there is a larger negative revision to the 15 percent special sales tax. Going forward, retail prices are expected to follow the upward trajectory of wholesale through the rest of the forecast period. On net, total marijuana revenue declined by 22.6 percent in FY 2022-23, but is expected to grow by 5.5 percent in FY 2023-24, followed by 12.6 percent growth in FY 2024-25 and slow, normalizing growth of 2.7 percent in FY 2025-26. Figure 71 below shows expected revenue for each stream under these revised assumptions.

Figure 71. Marijuana Tax Revenue, Annual Forecast

Marijuana Tax Revenue	Actual FY 22-23	Forecast FY 23-24	Forecast FY 24-25	Forecast FY 25-26
Proposition AA Taxes (Not Subject to TABOR)				
Retail Marijuana 15% Special Sales Tax	$219.9	$228.7	$259.6	$266.1
Retail Marijuana 15% Excise Tax	$57.8	$64.8	$71.1	$73.9
Total Proposition AA Taxes	**$277.7**	**$293.6**	**$330.6**	**$340.0**
2.9% Sales Tax & Interest (Subject to TABOR)				
Medical Marijuana 2.9% State Sales Tax	$5.6	$5.4	$6.0	$5.9
Retail Marijuana 2.9% State Sales Tax	$1.1	$1.2	$1.2	$1.2
Interest Earnings	$0.4	$0.4	$0.4	$0.4
Total 2.9% Sales Taxes & Interest	**$7.2**	**$7.0**	**$7.6**	**$7.5**
Total Marijuana Taxes	**$284.9**	**$300.6**	**$338.3**	**$347.5**

Marijuana revenue goes to a number of different sources once collected, the largest being the Marijuana Tax Cash Fund from the retail special sales tax and BEST School Capital Construction from the excise tax on wholesale purchases. Allocations to each of these funds are shown in Figure 72 below in addition to the revisions downward from the previous forecast.

Figure 72. Marijuana Tax Distributions, Annual Forecast

Marijuana Tax Revenue (December)	Total Marijuana Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Fund	Marijuana Tax Cash Fund
FY 2022-23 Preliminary	$284.9	$22.0	$30.8	$57.8	$24.9	$149.4
FY 2023-24 Projected	$300.6	$22.9	$32.0	$64.8	$25.9	$154.9
FY 2024-25 Projected	$338.3	$26.0	$36.3	$71.1	$29.4	$175.5
FY 2025-26 Projected	$347.5	$26.6	$37.3	$73.9	$30.1	$179.5

Change from September	Total Marijuana Revenue	Local Share	General Fund	BEST School Capital Construction	Public School Fund	Marijuana Tax Cash Fund
FY 2022-23 Preliminary	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
FY 2023-24 Projected	-$16.6	-$1.4	-$1.9	-$1.8	-$1.6	-$9.9
FY 2024-25 Projected	-$9.2	-$0.5	-$0.7	-$4.2	-$0.6	-$3.1
FY 2024-25 Projected	-$8.2	-$0.4	-$0.6	-$4.4	-$0.5	-$2.4

Marijuana taxes for both the 15 percent special sales tax collected at the point of sale and the 15 percent excise tax on wholesale purchases are directly linked to the price of marijuana. The special sales tax is charged on the final purchase price paid by the consumer (the “retail price” multiplied by volume sold) and the excise tax is calculated by multiplying the average market rate (AMR) by the quantity sold at the wholesale level. Both the retail prices and the wholesale market rates stayed at historical lows for longer than anticipated previously but a 15.6 percent increase in the wholesale AMR from April to October indicates that prices for both wholesale and retail marijuana are headed upward. Stable slow growth in the volume of marijuana sold has kept revenue afloat relative to what these drops in prices would have otherwise caused. Going forward, prices and revenue are expected to increase as the effects of post-pandemic oversupply phase off due to quantity growth and post-pandemic cultivation reductions.

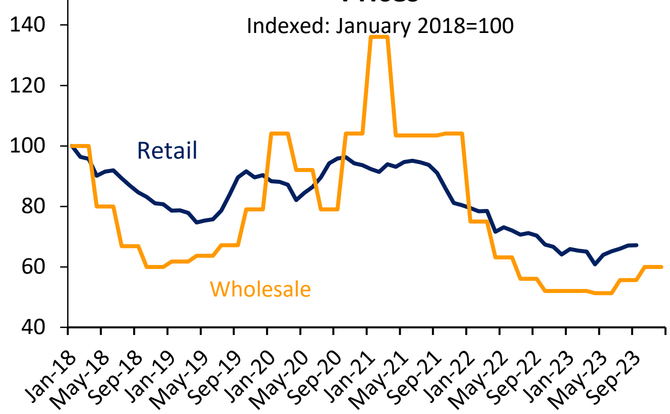
As a result of these price drivers, near term expectations have been revised downward while continued strength in volume sold and slightly more optimistic expectations for FY 2024-25 prices have marginally lifted FY 2024-25 growth expectations. Prices for retail and wholesale marijuana are anticipated to increase as noted below:

- Retail marijuana prices were at $3.66 per gram in September 2023 and are expected to rise to $4.20 per gram by June 2024 prior to stabilizing between $4.20 and $4.30 per gram throughout FY 2024-25. These prices are generally aligned with pre-pandemic pricing in FY 2018-2019, which averaged $4.30 per gram.
- The average market rate for wholesale flower is expected to continue to rise from its current October 2023 level of $750 per pound ($1.71 per gram) to approximately $900 per pound ($2.05 per gram) by June 2024 and stabilize at or just below that level

throughout FY 2024-25. These prices are notably more volatile and thus respond more to seasonal variation and other short-term factors.

To better illustrate the stories above surrounding price and volume of marijuana sold in recent months and going forward, the following section explores these trends in more detail.

Figure 73. Retail v. Wholesale Marijuana Prices

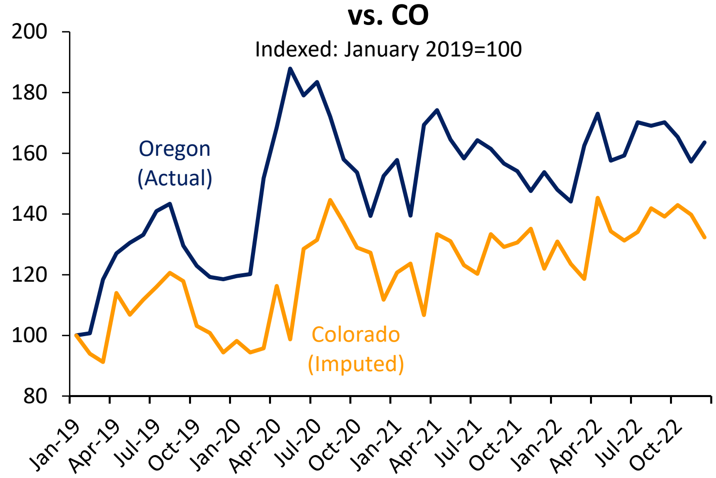


Source: Colorado Department of Revenue; Colorado MED Dashboard; Author's Calculations.

Figure 73 on the left shows the historical price relationship between wholesale and retail marijuana, which helps highlight the lagged and muted correlation between the two prices. In particular, the graph demonstrates two key trends: (1) retail marijuana prices tend to follow trends in wholesale marijuana prices; and (2) movements in retail marijuana prices tend to be smaller than movements in wholesale marijuana prices, hence the larger swings in excise marijuana tax collections which are based on wholesale tax collections.

Finally, Figure 74 on the right uses actual reported data from Oregon to corroborate OSPB's analysis which backs out data on volume sold for adult use retail marijuana in Colorado. Oregon is a good comparison for Colorado marijuana sales not only because of its similar population, but also because it's a similarly mature marijuana market with recreational marijuana sales commencing in 2015. Notably, the data illuminates the fact that the drag in overall marijuana revenue largely stems from reduced prices and not from the level of marijuana consumption in the state, which has generally remained at or above levels seen during the pandemic.

Figure 74. Quantity of Marijuana Sold, OR vs. CO



Source: Colorado Department of Revenue; Colorado MED Dashboard; Oregon Recreational Marijuana Market Data Dashboard; Author's Calculations.

Federal Mineral Lease

Federal Mineral Lease (FML) revenue increased by 38.8 percent in FY 2022-23 to $173.6 million, primarily due to elevated natural gas prices throughout the first half of the fiscal year driving higher revenue collections. Since the recent peak of Henry Hub natural gas prices at nearly $10 per million BTU in late summer 2022, prices have plummeted to just above $2.50 on average for 2023 – well below the ten-year average of $3.33. With the price decline, revenue softened in the final quarter of FY 2022-23 and first quarter of FY 2023-24, and with natural gas prices largely forecast to remain at or below average levels through 2024, FML revenue is expected to decline from the recent highs.

In the first quarter of FY 2023-24, $20.7 million in FML revenue was collected compared to $39.1 million in the first quarter of FY 2022-23, reflecting a year-over-year decline of 47.1 percent. While a straight-line projection for the fiscal year would result in $82.8 million in FML revenue, this forecast estimates $111.0 million for the fiscal year as the first quarter is projected to be the lowest collection of the year as natural gas prices tick up from recent troughs. Compared to the September forecast, revenue is revised up by $1.9 million in FY 2023-24 due to an upward revision in oil price expectations for the second half of the fiscal year. In the first half of FY 2024-25, natural gas prices are expected to rebound closer to the long-term average, while oil price expectations are slightly higher than in September, leading to a $1.7 million upward revision. In FY 2025-26, revenue is expected to tick down by 0.3 percent to $114.7 million, reflecting a $0.9 million upward revision from the prior forecast. Since FY 2016-17, annual FML revenue collections have averaged $104.9 million. In calendar year 2022, royalty revenue derived from natural gas production on federal leases accounted for roughly half of total FML revenue in Colorado, resulting in natural gas price fluctuations driving FML revenue collections more than severance tax revenue, which is more reliant on oil prices. Price assumptions are discussed in more detail in the energy section of the economic outlook. Detailed FML revenue and distribution forecast expectations can be found in Figure 75.

Figure 75. FML Forecast Distributions ($ millions)

	Preliminary FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26
Total FML Revenue	**$173.6**	**$111.0**	**$115.1**	**$114.7**
Change	38.8%	-36.1%	3.6%	-0.3%
Bonus Payments (portion of total FML revenue)	$1.3	$1.2	$1.2	$1.2
Local Government Perm Fund	$0.6	$0.6	$0.6	$0.6
Higher Ed FML Revenues Fund	$0.6	$0.6	$0.6	$0.6
Non-Bonus FML Revenue	$172.4	$109.8	$113.9	$113.5
State Public School Fund	$83.3	$53.0	$55.0	$54.8
Colorado Water Conservation Board	$17.2	$11.0	$11.4	$11.4
DOLA Grants	$34.5	$22.0	$22.8	$22.7
DOLA Direct Distribution	$34.5	$22.0	$22.8	$22.7
School Districts	$2.9	$1.9	$1.9	$1.9

Overall, there has been a long-term, downward federal oil and gas lease trend in the state as industry investment interest on federal land has waned. In federal FY 2021-22, the number of leases in Colorado declined from the prior fiscal year by 4.4 percent from 3,245 to 3,103. Over the past ten years, from federal FY 2012-13 to 2021-22, the number of leases declined annually by 4.9 percent on average dropping from 4,963 to 3,103. Leased acreage dropped by 42.5 percent over that same period. Despite the downward trend, there remains areas of strength in the state for FML royalty revenue, including the counties of Garfield, Rio Blanco, Weld, and Montezuma, which made up approximately 85 percent of FML revenue in calendar year 2022. During the forecast period, the number of leases is expected to continue on a similar, declining trajectory.

While FML revenue is exempt from TABOR, it is included here because a portion of the money is distributed to the Public School Fund as detailed in figure 75.

Sports Betting

In Fiscal Year 2022-23, sports betting exceeded expectations and set records with over $5.1 billion wagered throughout Colorado, which led to record sports betting tax revenue of roughly $25.6 million. The total in wagers reflected 7.5 percent growth from the previous fiscal year, while sports betting tax revenue recorded 105.6 percent growth from the previous fiscal year. Despite growing wagers, the large discrepancy in growth of tax revenue and wagers can be attributed to a larger hold (the overall win percentage of the operators) percentage from the sports betting operators, as well as the effective tax rate increasing. These two factors are impacting this current fiscal year and will continue to impact the growth of sports betting revenue through the forecast period.

OSPB forecasts relatively strong growth for the upcoming fiscal years for Colorado. In FY 2023-24, OSPB forecasts a 16.6 percent increase in revenue to $33.5 million, while FY 2024-25 is forecast to grow by 2.5 percent, and lastly, in FY 2025-26, OSPB expects 6.2 percent growth. Prior expectations were that sports betting would not be able to maintain the rapid growth experienced in FY 2022-23. However, the first four months of received revenue is 22.2 percent higher than the revenue received through the first four months of the previous fiscal year. The strong continuation of received revenue is largely attributable to increasing trends in hold percentage for the sports betting operators, as well as the effective tax rate.

Previous OSPB expectations were that operators would slowly raise their hold percentage closer to the national average. From legalization until June 2023, the average hold percentage of operators was 6.8 percent. Since July 2023, Colorado sports betting operators are averaging an 8.7 percent hold percentage which is an increase from where it was previously. According to Legal Sports Report, Colorado Operators in the last few months are now above the national average of approximately 8.3 percent. This increasing hold percentage seems to be occurring nationally, which could be due to a rising base of less experienced users or unpredictability in the large-wager sports such as basketball, football, baseball, or hockey.

In recent months, the effects of HB22-1402, Responsible Gaming Grant Program, have been observed, as free bets offered after this legislation went into effect declined 15.7 percent compared to free bets offered over the same period in the previous year. This is because the bill modifies the number of free bets that may be deducted from net sports betting proceeds. As is the nature of sports betting, free bets offered by sports betting operators are also quite seasonal, however, the declines are expected to continue as HB22-1402 continues to limit free bets as a percentage of wagers across Colorado. Prior to the implementation of this legislation the average effective tax rate was 5.1 percent, but since the bill was implemented limiting free bets, the average effective tax rate has been 7.0 percent. This legislation will continue have a positive impact on the effective tax rate in the long term. Sports betting revenue will likely continue to remain strong with elevated wagers from Colorado players, increasing hold percentage from operators, and decreasing levels of free bets.

Figure 76. Sports Betting Distribution Formula ($ millions)

Distribution Formula	Preliminary FY2022-23	Forecast FY2023-24	Forecast FY2024-25	Forecast FY2025-26
Total Sports Betting Tax Revenue	$25.59	$33.48	$34.33	$36.45
Change	105.6%	30.8%	2.5%	6.2%
Hold-Harmless Fund (6%)	$1.54	$2.01	$2.06	$2.19
Behavioral Health Administration	$0.13	$0.13	$0.00	$0.00
				.
Water Plan Implementation Cash Fund	$23.92	$31.34	$32.27	$34.27

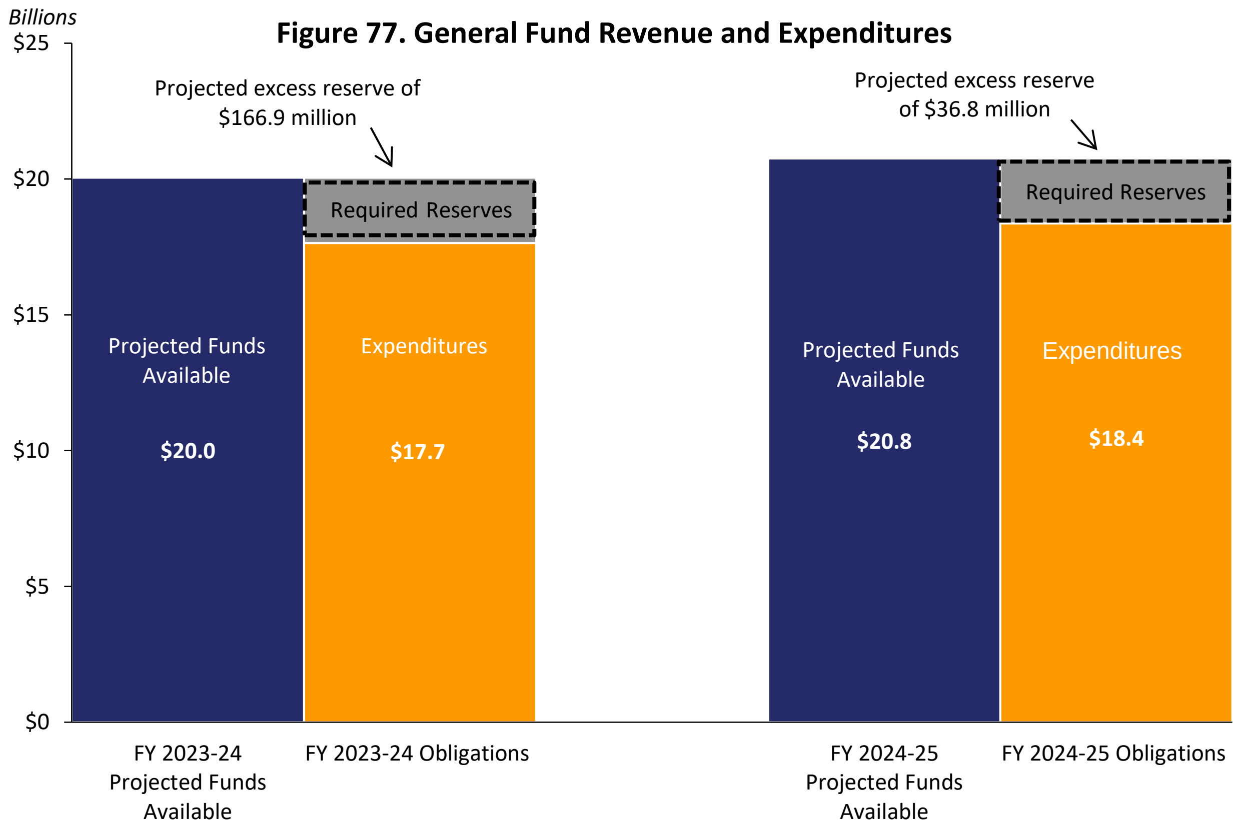
As shown in Figure 76 above, sports betting revenues are distributed by a formula. Six percent of the sports betting revenue goes to the 'Wagering Revenue Recipients Hold-Harmless Fund' to offset any demonstrated loss of revenue attributable to sports betting. Additionally, $130,000 goes to the Behavioral Health Administration in the Department of Human Services to operate a crisis hotline for gamblers and to assist the prevention, education, treatment, and workforce development by counselors certified in the treatment of gambling disorders and is distributed through FY 2023-24 under current law. Last, the remaining funds (minus administration costs) are disbursed to the Water Plan Implementation Cash Fund. Over 90 percent of sports betting revenues ends up going to the Water Plan Implementation Cash Fund.

Budget Outlook

General Fund

General Fund revenue increased 1.7 percent in FY 2022-23 to $18,002.2 million. In FY 2023-24, revenue is expected to decline by 2.5 percent off of the previous year's record, reflecting a shallower decline than the 3.8 percent expected in September. This is an upward revision of $247.3 million compared to September, as OSPB's economic growth expectations are revised up in 2023 from 2.1 to 2.5 percent. However, given the expected slowdown in economic growth, revenue is expected to grow slightly slower in FY 2024-25 at 3.8 percent, compared with 5.8 percent in the September forecast. Therefore, the forecast in FY 2024-25 is revised down $78.1 million from September largely due to a small downward revision in Colorado wages and salaries that impacts individual withholdings revenue.

Figure 77. General Fund Revenue and Expenditures



The General Fund estimated ending balance is $166.9 million above the statutory reserve level of 15.0 percent of appropriations in FY 2023-24 and estimated to be $36.8 million above the statutory reserve level of 15.0 percent of appropriations in FY 2024-25.

In the current forecast, there is $431.5 million in room above the statutory reserve limit for FY 2022-23, $86.2 million above the $345.3 million in the September forecast as a result of the preliminary unaudited General Fund reversions tallied by the Office of the State Controller. In FY 2023-24, the available room above the statutory reserve limit decreased $16.8 million from $183.7 million to $166.9 million, largely as a result of the Governor’s budget requests that impact revenue nearly offsetting increased forecasts for cash fund revenue and rebates and expenditures for FY 2023-24.

Note that this forecast includes a range of revenue and expenditure impacts resulting from the Governor’s November 1 budget, in addition to the extraordinary legislative session. In the session, the largest impacts included appropriations and transfers in SB23B-001 and HB23B-1001 to support property tax reductions and rental assistance. In addition to that funding, the Governor’s budget includes a range of appropriations and transfers to support fully funding K-12 education, support housing supply efforts in Colorado, investing in the state’s workforce, among other goals. In addition to appropriations found in Reference Table 4, Figure 78 below shows an aggregated list of transfers that impact the balancing described above. Note that the November 1st budget included $29.2 million in supplementals, thereby impacting the amount above the 15 percent reserve.

Figure 78. Transfer Impacts (in millions of $) from the Governor’s Budget

Item	Forecast Section	FY24 Impact	FY25 Impact	FY26 Impact
Severance Tax Sweep	Transfers into GF	$0.0	$50.0	$0.0
IIJA Swap	Transfers into GF	$0.0	$19.3	$0.0
CSI Mill Levy Equalization	Transfers out GF	$0.0	$42.1	$0.0
Retail EV Charging Stations	Transfers out GF	$0.0	$0.3	$0.0
Creative Districts Modifications & Funding	Transfers out GF	$0.0	$0.5	$0.0
Opportunity Now 2.0	Transfers out GF	$0.0	$5.3	$0.0
Investment in Local Crime Prevention Strategies	Transfers out GF	$0.0	$7.5	$0.0
Placeholder for Natural Medicine	Transfers out GF	$0.0	$0.1	$0.0
Broadband	Transfers out GF	$0.0	$11.4	$0.0
Workforce Housing	Transfers out GF	$0.0	$16.0	$0.0
STR Local Gov’t Reimbursement	Transfers out GF	$0.0	$15.0	$0.0
Transit-Oriented Development	Transfers out GF	$0.0	$35.0	$0.0
Other Governor's Requests	Transfers out GF	$0.0	$5.0	$0.0

Additionally, the Governor's budget submission included a range of revenue impacts to cash funds and the General Fund that had an overall impact of reducing revenue. The OSPB forecast includes all these revenue adjustments, but throughout this document, sections include what revenue expectations would be with and without the budget requests and legislative placeholders. See Figure 79 below for a summary of these revenue impacts.

Figure 79. Revenue Impacts (in millions of $) from the Governor's Budget

Item	Forecast Section	FY24 Impact	FY25 Impact	FY26 Impact
HDGF Change	Vendor Fees/Misc CF	$0.0	-$35.0	-$35.0
Recycling Resources Program Fee	Miscellaneous	$0.0	-$3.3	-$3.3
Gaming Revenue Reclassification	Gaming	$0.0	-$25.4	-$26.3
Cig Revenue Reclassification	Other Excise	$0.0	-$6.1	-$5.8
ESF Change	Miscellaneous	-$52.5	-$23.5	-$23.5
Expected Fee Increases	Miscellaneous	$0.0	$19.9	$19.9
Tax Credits in the Governor's Budget*	Income	$0.0	-$10.4	-$79.8

**note Tax credits include Affordable Housing, HDGF Tax credit conversion, Opportunity Now tax credit, among others discussed in the budget letter*

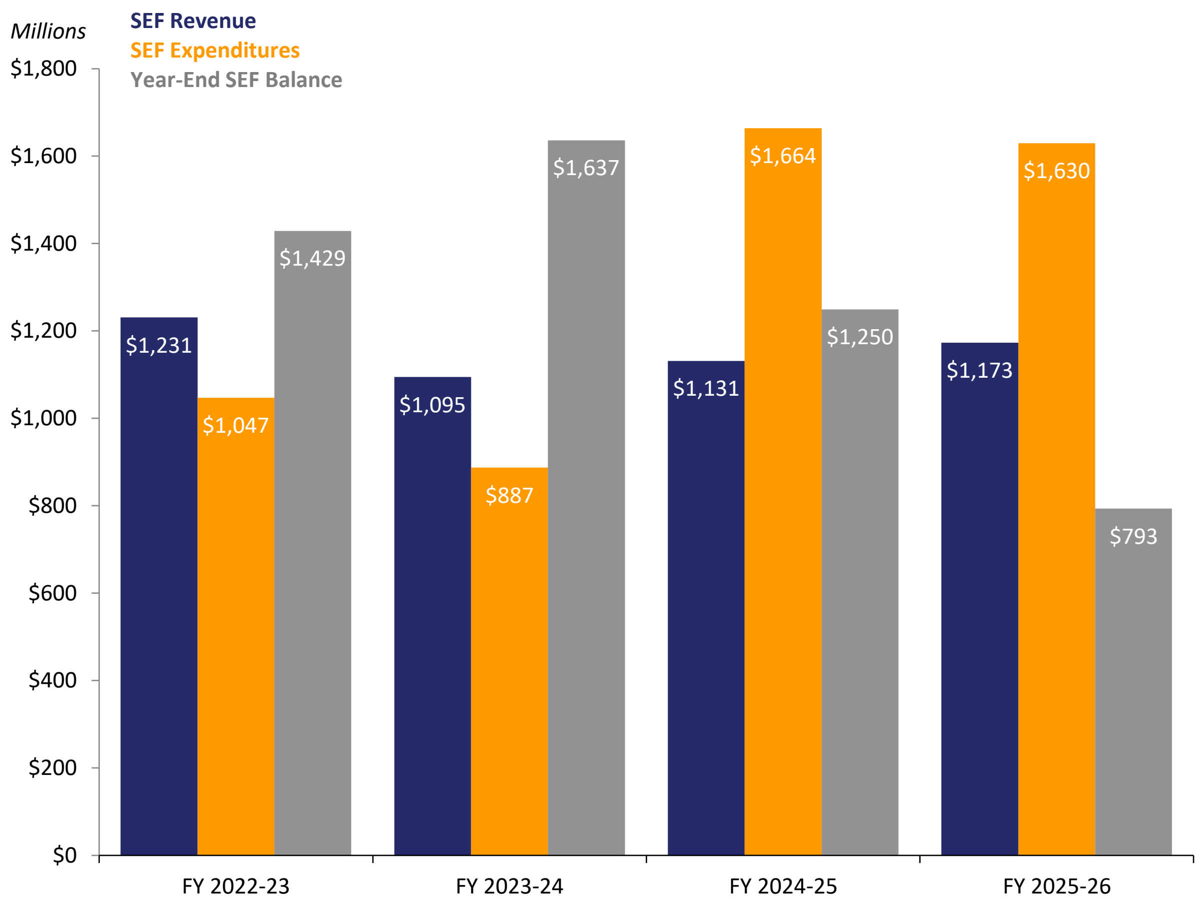
State Education Fund

In FY 2022-23, the State Education Fund's (SEF) preliminary year-end balance is $1,429.2 million, reflecting an upward revision of $17.2 million from the September forecast due to year-end accounting adjustments. The ending balance includes the $290 million transfer to the SEF in FY 2022-23 as provided for in HB 22-1390 and amended by SB 22-202. In FY 2023-24, the year-end balance is expected to increase to $1,636.6 million, reflecting an upward revision of $289.2 million from September, primarily driven by higher local property tax share assumptions reducing the share of SEF expenses for school finance and an upwardly revised forecast for SEF income tax revenue. The FY 2023-24 ending balance takes into account all SEF appropriations and legislative changes enacted in the 2023 regular legislative session and November's extraordinary legislative session.

In FY 2024-25, the SEF fund balance is forecast to decrease to $1,249.5 million, which is an upward revision of $382.0 million from September primarily due to a higher expected beginning balance carried over from FY 2023-24 and a newly enacted $146.0 million transfer from the General Fund to the SEF as provided for in SB23B-001, 2023 Property Tax Relief, which was passed in November's extraordinary legislative session and signed by the Governor. In FY 2025-26, the SEF fund balance is projected to decrease by 36.7 percent to $793.4 million as increasing state share of Total Program expenses begin to draw down the fund balance.

The SEF fund balance is forecast to remain above historical averages throughout the forecast period as a significant increase in the share of local property taxes contributing to school finance alongside strong growth in income tax revenue diverted to the SEF have alleviated short-term fiscal concerns related to the fund. However, large increases in Total Program amounts due to high inflation (8.0 percent in FY 2023-24 and 5.2 percent forecast in FY 2024-25) along with the full buydown of the Budget Stabilization Factor are projected to result in total SEF expenses eclipsing $1.6 billion in FY 2024-25 and FY 2025-26. Further, economic uncertainty remains a downside risk that could negatively weigh on the fund's revenue streams, especially in the out-years. Figure 80 summarizes total State Education Fund revenue, expenditures, and ending balances for FY 2022-23, FY 2023-24, FY 2024-25, and FY 2025-26.

Figure 80. SEF Revenue, Expenditures, and Ending Balances



Forecast Risks

This budget outlook is based on OSPB's economic forecast as detailed in Tables 1 and 2 of the Reference Tables at the end of this document. This economic forecast is subject to both upside and downside risks.

On the upside, labor demand may remain more resilient than expected in the baseline, avoiding an uptick in unemployment in the out-years and keeping income withholdings elevated with it. High interest rates, sticky inflation, and increasing consumer debt are a few of the downside risks that could negatively weigh on aggregate demand. This is likely to impact both sales revenue directly and estimated payments and cash with returns from income revenue indirectly. Economic conditions currently underlying this forecast are weighted towards downside risk.

In addition to our baseline forecast, OSPB has begun to stress test our baseline economic and revenue assumptions. This process is implemented by creating two additional upside and downside scenarios in addition to the OSPB baseline forecast. Similar to the baseline forecast, all other scenarios begin with defining a GDP forecast, which is then distributed into cascading economic and revenue models to provide alternative possibilities of overall revenue outcomes. Note that the current structure only stress tests specific revenue models, including income, sales and transportation revenue, which make up over 90% of all TABOR non-exempt revenue. The scenarios are described below:

1. Extreme Upside scenario: Considered to represent an outcome better than 95 percent of all scenarios. However, given the relative lack of tailwinds, there is asymmetric risk that limits the economic growth in this scenario to 3.9 percent in 2024 and 2.8 percent in 2025 relative to the extreme downside counterpart. This is a bespoke scenario, similar to the other upside and downside scenarios with the exception of the extreme downside.
2. Relative Upside scenario: Represents GDP growth better than 75 percent of all scenarios, with economic growth of 2.5 percent in 2024 and 2.0 percent in 2025.
3. Baseline scenario: The OSPB forecast described in this document with 2.5 percent GDP growth in 2023, followed by 1.5 percent and 1.6 percent in 2024 and 2025 respectively.
4. Relative Downside scenario: Represents GDP growth that is better than 25 percent of all scenarios, with economic growth of 0.1 percent in 2024 and 1.0 percent in 2025. This scenario represents a very mild recession, with negative growth in two quarters in the middle of 2024. Note that OSPB considers recession risk to be 30 percent, which expressed another way means that OSPB expects 30 percent of all likely scenarios to result in a recession. OSPB projects that TABOR refunds would remain at approximately $1.1 billion in the current fiscal year due to the downturn only impacting the final quarter of this budget year. However, in FY 2024-25, the estimated revenue impact would fully eliminate TABOR refunds and reduce the General Fund reserve to approximately 14.4 percent of appropriations, slightly below the statutory limit of 15 percent.
5. Extreme Downside scenario: This scenario is not a bespoke OSPB scenario, but is instead aligned with the Federal Reserve's 2023 Dodd-Frank Act Stress Test scenario that is also

used to stress test large banks. Utah's budget office also uses this scenario in their stress testing. OSPB considers this to be a 5 percent scenario (worse than 95 percent of all possible outcomes). This would result in a slightly worse recession than the Global Financial Crisis of 2008, but nowhere near as bad as the Great Depression. The one tweak that OSPB makes here is to update the peak downturn to occur in 2024 instead of 2023, keeping the same growth rates across all variables, but pushed out a year. Therefore, this stress test includes economic growth of -5.2 percent in 2024 and -2.5 percent in 2025, alongside a U.S. unemployment rate of 7.4 percent in 2024 and 9.8 percent in 2025. While the sharpest GDP downturn occurs in the second half of FY 2023-24, the timing is such that OSPB would still expect TABOR refunds in the current year of approximately $300 million. However, as the unemployment rate remains elevated above 9% for much of FY 2024-25, General Fund revenue is estimated to fall to $14.6 billion, a combined 18.8 percent loss over two fiscal years. Under such a scenario, not only would TABOR refunds be eliminated, but revenue would be low enough to require an estimated $2.0 billion of the $2.4 billion reserve. This would leave only 2.5 percent of the 15 percent reserve remaining, thereby requiring budget balancing actions for FY 2024-25.

This stress testing exercise illustrates the need to maintain elevated reserves to buffer against the possibility of extreme downside risk. Further, OSPB is currently working to incorporate these stress tests into its long term financial planning model, in order to better understand the long term impacts of different budget solutions to a downside scenario. This is an important next step in both creating a budget plan in advance of a possible severe recession as well as developing a path to re-establishing reserves after the next recession passes.

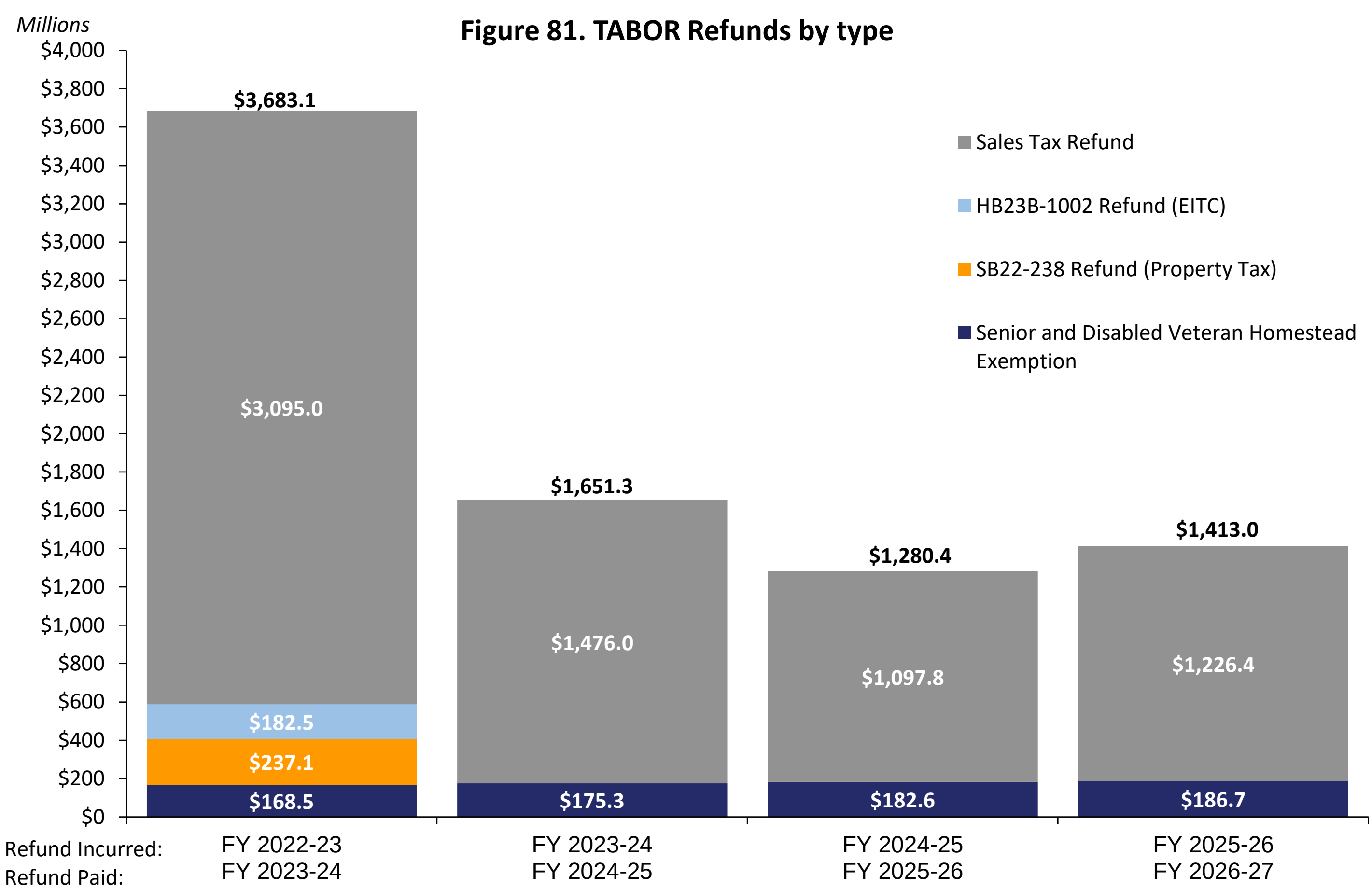
Supplemental Materials

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 is expected to exceed the cap in each of the forecast years, with the second-highest refund amount on record expected to have occurred in the most recently completed fiscal year. In that year, FY 2022-23, the TABOR surplus is estimated to be $3,568.6 million, with an additional $114.4 million in pending amounts distributed from prior year refunds. Therefore, the total combined $3,683.1 million in refunds is only $165.0 million below the record set in FY 2021-22. In FY 2023-24, revenue is projected to be $1,651.3 million above the cap, a $213.2 million upward revision, as increased income and severance revenue are above previous expectations. In FY 2024-25, the amount above the cap is expected to fall slightly to $1,280.4 million, a $128.7 million decrease due to downward revisions to individual income and sales tax revenue due to slowing consumer and labor demand. In FY 2025-26, refunds are expected to stabilize at $1,413.0 as the economy returns to growing at its potential.

Figure 81. TABOR Refunds by type



Current law specifies two mechanisms by which revenue in excess of the cap is to be refunded to taxpayers for refunds incurred in FY 2023-24 and beyond: the senior homestead and disabled veteran property tax exemptions and a sales tax refund. Prior to the passage of Proposition 121 in November 2022, there was also a temporary income tax rate reduction from 4.55 to 4.5 percent, but this no longer applies as the permanent rate is reduced to 4.40 percent. In addition to these mechanisms, SB22-238, 2023 and 2024 Property Tax*,* provides an estimated $237.1 million in refunds to backfill local governments' losses as a result of reduced property tax revenue for revenue collected in FY 2022-23. For that fiscal year's revenue, there was also a refund mechanism created for that year only in the most recent extraordinary legislative session. HB23B-1002 increased the state earned income tax credit from 25 to 50 percent of the federal credit, with the difference being paid out in a refund mechanism at a cost of $182.5 million.

An estimated $168.5 million of the $3,683.1 million refund obligation (including prior year refunds) will be refunded via the senior homestead and disabled veterans property tax exemption expenditures. Note that the $3,683.1 million includes $114.4 million in TABOR refunds going out based on refunds owed in FY 2018-19, FY 2020-21, and FY 2021-22, as can be seen in Table 7 in this document's appendix. This follows the normal process that any difference between estimated refunds and actual refunds will be corrected in the next fiscal year in which a refund is owed. Finally, $3,095.0 million is expected to be refunded via the sales tax refund mechanism. Note that another bill in the special session, SB23B-003, directed that the sales tax refund mechanism be a one-tier sales tax refund instead of the normal six-tier mechanism. The Colorado Department of Revenue has estimated that this payment will then be $800 per single filer and $1,600 for joint filers.

TABOR refunds incurred in FY 2023-24 are revised up, given that OSPB now expects the economy to grow more strongly than expected in September for the current fiscal year. Therefore, in addition to the $175.3 million in the senior homestead and disabled veteran property tax exemption expenditures, OSPB expects $1,476.0 million via the six-tier sales tax refund. In FY 2024-25, with the economy growing its slowest in the forecast, revenue growth is also slower than its historical average, resulting in a $1,097.8 million sales tax refund after accounting for the senior homestead and disabled veteran exemption.

Reference Tables

Table 1: Colorado Economic Variables – History and Forecast

		Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Forecast 2023	Forecast 2024	Forecast 2025
	Income									
1	Personal Income (Billions) /A	$303.4	$328.1	$351.4	$375.2	$418.0	$442.2	$466.1	$486.1	$510.4
2	Change	6.9%	8.2%	7.1%	6.8%	11.4%	5.8%	5.4%	4.3%	5.0%
3	Wage and Salary Income (Billions)	$160.9	$170.8	$183.0	$187.8	$205.6	$224.3	$238.7	$249.0	$260.7
4	Change	6.5%	6.1%	7.1%	2.7%	9.4%	9.1%	6.4%	4.3%	4.7%
5	Per-Capita Income ($/person) /A	$54,173.0	$57,796.0	$61,268.0	$64,862.0	$71,878.0	$75,488.0	$79,072.0	$81,778.0	$85,077.0
6	Change	5.6%	6.7%	6.0%	5.9%	10.8%	5.0%	4.7%	3.4%	4.0%
	Population & Employment									
7	Population (Thousands)	5,600.0	5,677.0	5,735.0	5,784.0	5,815.0	5,858.0	5,894.5	5,944.5	5,999.8
8	Change	1.3%	1.4%	1.0%	0.9%	0.5%	0.7%	0.6%	0.8%	0.9%
9	Net Migration (Thousands)	42.4	51.8	34.2	28.6	11.0	14.9	19.5	34.0	40.0
10	Unemployment Rate	2.6%	3.0%	2.7%	6.8%	5.5%	3.0%	3.0%	3.6%	3.7%
11	Total Nonagricultural Employment (Thousands)	2,660.3	2,727.3	2,790.1	2,652.7	2,750.9	2,869.6	2,909.8	2,944.7	2,977.1
12	Change	2.3%	2.5%	2.3%	-4.9%	3.7%	4.3%	1.4%	1.2%	1.1%
	Construction Variables									
13	Total Housing Permits Issued (Thousands)	40.7	42.6	38.6	40.5	56.5	48.8	39.0	39.8	42.8
14	Change	4.4%	4.8%	-9.4%	4.8%	39.7%	-13.6%	-20.1%	1.9%	7.7%
15	Nonresidential Construction Value (Millions) /B	$6,150.7	$8,132.0	$5,161.5	$5,607.4	$5,684.5	$6,732.4	$6,819.9	$6,710.8	$6,878.6
16	Change	2.7%	32.2%	-36.5%	8.6%	1.4%	18.4%	1.3%	-1.6%	2.5%
	Price Variables									
17	Retail Trade (Billions) /C	$194.6	$206.1	$224.6	$228.8	$268.3	$299.9	$305.3	$312.3	$326.1
18	Change	5.4%	5.9%	9.0%	1.9%	17.3%	11.8%	1.8%	2.3%	4.4%
19	Denver-Aurora-Lakewood Consumer Price Index (1982-84=100)	255.0	262.0	267.0	272.2	281.8	304.4	320.3	330.2	339.8
20	Change	3.4%	2.7%	1.9%	2.0%	3.5%	8.0%	5.2%	3.1%	2.9%

/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, medical and government buildings. Nonresidential does not include non-building projects (such as streets, highways)

/C Retail Trade includes motor vehicles and automobile parts, furniture and home furnishings, electronics and appliances, building materials, sales at food and beverage stores, health and personal care, sales at convenience stores and service stations, clothing, sporting goods / books / music, and general merchandise found at warehouse stores and internet purchases.

Table 2: National Economic Variables – History and Forecast

		Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Forecast 2023	Forecast 2024	Forecast 2025
	Inflation-Adjusted & Current Dollar Income Accounts									
1	Inflation-Adjusted Gross Domestic Product (Billions) /A	$19,612.1	$20,193.9	$20,692.1	$20,234.1	$21,407.7	$21,822.0	$22,367.6	$22,703.1	$23,066.4
2	Change	2.5%	3.0%	2.5%	-2.2%	5.8%	1.9%	2.5%	1.5%	1.6%
3	Personal Income (Billions) /B	$16,662.8	$17,528.2	$18,356.2	$19,629.0	$21,407.7	$21,840.8	$22,954.6	$23,758.1	$24,732.1
4	Change	4.9%	5.2%	4.7%	6.9%	9.1%	2.0%	5.1%	3.5%	4.1%
5	Per-Capita Income ($/person) /B	$51,284	$53,586	$55,743	$59,213	$64,475	$65,531	$68,667	$70,788	$73,396
6	Change	4.2%	4.5%	4.0%	6.2%	8.9%	1.6%	4.8%	3.1%	3.7%
7	Wage and Salary Income (Billions)	$8,474.4	$8,899.8	$9,325.0	$9,464.6	$10,312.6	$11,116.0	$11,794.1	$12,206.9	$12,621.9
8	Change	4.7%	5.0%	4.8%	1.5%	9.0%	7.8%	6.1%	3.5%	3.4%
	Population & Employment									
9	Population (Millions)	324.9	327.1	329.3	331.5	332.0	333.3	334.3	335.6	337.0
10	Change	0.7%	0.7%	0.7%	0.7%	0.1%	0.4%	0.3%	0.4%	0.4%
11	Unemployment Rate	4.4%	3.9%	3.7%	8.1%	5.4%	3.7%	3.7%	4.1%	4.2%
12	Total Nonagricultural Employment (Millions)	146.6	148.9	150.9	142.2	146.3	152.6	156.2	157.9	159.1
13	Change	1.6%	1.6%	1.3%	-5.8%	2.9%	4.3%	2.3%	1.1%	0.8%
	Other Key Indicators									
14	Consumer Price Index (1982-84=100)	245.1	251.1	255.7	258.8	271.0	292.7	304.7	312.9	320.7
15	Change	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	2.7%	2.5%
16	Corporate Profits (Billions)	$2,225.2	$2,365.2	$2,470.3	$2,383.3	$2,922.8	$3,208.7	$3,210.7	$3,182.7	$3,364.0
17	Change	3.8%	6.3%	4.4%	-3.5%	22.6%	9.8%	0.1%	-0.9%	5.7%
18	Housing Permits (Millions)	1.28	1.33	1.39	1.47	1.74	1.67	1.47	1.49	1.56
19	Change	6.3%	3.6%	4.3%	6.1%	18.1%	-4.1%	-11.7%	1.1%	5.1%
20	Retail Trade (Billions)	$5,732.8	$5,983.1	$6,175.0	$6,223.3	$7,366.2	$8,070.9	$8,321.1	$8,537.5	$8,836.3
21	Change	4.1%	4.4%	3.2%	0.8%	18.4%	9.6%	3.1%	2.6%	3.5%

/A U.S. Bureau of Economic Analysis, National Income and Product Accounts
/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

	Category	Preliminary FY 2022-23	Percent Change	Estimate FY 2023-24	Percent Change	Estimate FY 2024-25	Percent Change	Estimate FY 2025-26	Percent Change
	Excise Taxes								
1	Sales	$4,301.6	5.2%	$4,387.1	2.0%	$4,586.3	4.5%	$4,842.3	5.6%
2	Use	$251.2	8.0%	$234.1	-6.8%	$256.7	9.7%	$272.4	6.1%
3	Retail Marijuana Sales - Special Sales Tax	$219.9	-15.0%	$228.7	4.0%	$259.6	13.5%	$266.1	2.5%
4	Cigarette	$23.9	-7.9%	$22.0	-8.0%	$20.8	-5.6%	$19.9	-4.2%
5	Tobacco Products	$23.7	-11.0%	$23.0	-3.0%	$25.6	11.3%	$26.8	4.7%
6	Liquor	$56.3	-0.1%	$57.6	2.3%	$59.4	3.2%	$61.2	2.9%
7	Total Proposition EE	$235.0	13.0%	$205.6	-12.5%	$238.0	15.8%	$240.9	1.2%
8	**Total Excise**	**$5,111.7**	**4.4%**	**$5,158.1**	**0.9%**	**$5,446.4**	**5.6%**	**$5,729.6**	**5.2%**
	Income Taxes								
9	Net Individual Income	$10,952.7	-6.5%	$10,938.6	-0.1%	$11,660.4	6.6%	$12,175.5	4.4%
10	Net Corporate Income	$2,366.7	50.9%	$2,038.2	-13.9%	$1,783.8	-12.5%	$1,905.8	6.8%
11	**Total Income**	**$13,319.5**	**0.2%**	**$12,976.8**	**-2.6%**	**$13,444.2**	**3.6%**	**$14,081.3**	**4.7%**
12	*Less: State Education Fund Diversion*	*$1,066.4*	*7.3%*	*$1,060.1*	*-0.6%*	*$1,098.3*	*3.6%*	*$1,150.3*	*4.7%*
13	*Less: Proposition 123 Diversion*	*$160.0*	*NA*	*$311.4*	*94.7%*	*$322.7*	*3.6%*	*$338.0*	*4.7%*
14	**Total Income to General Fund**	**$12,093.1**	**-1.6%**	**$11,605.2**	**-4.0%**	**$12,023.2**	**3.6%**	**$12,593.0**	**4.7%**
	Other Revenue								
15	Insurance	$516.7	32.4%	$535.2	3.6%	$554.8	3.7%	$566.0	2.0%
16	Interest Income	$192.8	178.5%	$200.3	3.9%	$149.4	-25.4%	$123.5	-17.4%
17	Pari-Mutuel	$0.3	-20.4%	$0.4	27.6%	$0.4	-12.5%	$0.4	4.1%
18	Court Receipts	$3.1	30.6%	$3.1	-0.8%	$3.1	0.5%	$3.1	0.1%
19	Other Income	$84.5	85.3%	$54.7	-35.2%	$53.8	-1.7%	$54.8	1.9%
20	**Total Other**	**$797.4**	**57.0%**	**$793.7**	**-0.5%**	**$761.5**	**-4.1%**	**$747.8**	**-1.8%**
21	**GROSS GENERAL FUND**	**$18,002.2**	**1.7%**	**$17,557.1**	**-2.5%**	**$18,231.1**	**3.8%**	**$19,070.4**	**4.6%**

/A Dollars in Millions

Table 4: General Fund Overview /A

		Preliminary FY 2022-23	Estimate FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26
Revenue					
1	**Beginning Reserve**	**$3,203.2**	**$2,427.7**	**$2,392.2**	**$2,394.0**
2	**Gross General Fund Revenue**	**$18,002.2**	**$17,557.1**	**$18,231.1**	**$19,070.4**
3	*Transfers to the General Fund*	$53.5	$59.0	$130.6	$61.2
4	**TOTAL GENERAL FUND AVAILABLE**	**$21,258.9**	**$20,043.7**	**$20,753.9**	**$21,525.6**
Expenditures					
5	**Appropriation Subject to Limit**	**$13,308.1**	**$14,950.9**	**$15,829.8**	**$16,825.8**
6	*Dollar Change (from prior year)*	$1,266.9	$1,642.8	$878.9	$996.0
7	*Percent Change (from prior year)*	10.5%	12.3%	5.9%	6.3%
8	**Spending Outside Limit**	**$5,723.8**	**$2,700.6**	**$2,530.1**	**$2,193.2**
9	*TABOR Refund under Art. X, Section 20, (7) (d)*	$3,683.1	$1,651.3	$1,280.43	$1,413.01
10	*Homestead Exemption (Net of TABOR Refund)*	$0.1	$0.0	$0.0	$0.0
11	*Other Rebates and Expenditures*	$168.6	$175.2	$164.4	$160.7
12	*Transfers for Capital Construction*	$493.2	$332.4	$239.5	$50.0
13	*Transfers for Transportation*	$88.0	$0.0	$117.5	$117.5
14	*Transfers to State Education Fund*	$290.0	$0.0	$146.0	$0.0
15	*Transfers to Other Funds*	$1,000.8	$541.7	$582.3	$452.0
16	**TOTAL GENERAL FUND OBLIGATIONS**	**$19,031.9**	**$17,651.5**	**$18,359.9**	**$19,019.0**
17	*Percent Change (from prior year)*	6.7%	-7.3%	4.0%	3.6%
18	Reversions and Accounting Adjustments	-$200.7	$0.0	$0.0	$0.0
Reserves					
19	**Year-End General Fund Balance**	**$2,427.7**	**$2,392.2**	**$2,394.0**	**$2,506.6**
20	*Year-End General Fund as a % of Appropriations*	18.2%	16.0%	15.2%	15.0%
21	*General Fund Statutory Reserve*	$1,996.2	$2,225.3	$2,357.2	$2,506.6
22	*Statutory Reserve %*	15.0%	15.0%	15.0%	15.0%
23	***Above/Below Statutory Reserve***	**$431.5**	**$166.9**	**$36.8**	**$0.0**

/A. FY 2022-23 and FY 2023-24 expenditures reflect all legislation that has passed through both the Colorado House and Senate as of December 20, 2023. Reversions and accounting adjustments are preliminary and unaudited. FY 2024-25 appropriations reflect the Governor's Budget. FY 2025-26 expenditures and fund balance projections shown are illustrative only. Dollars in millions.

Table 5: General Fund and State Education Fund Overview /A

		Preliminary FY 2022-23	Estimate FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26
	Revenue				
1	**Beginning Reserves**	**$4,604.5**	**$4,476.8**	**$4,596.0**	**$4,404.8**
2	*State Education Fund*	$955.9	$1,429.2	$1,636.6	$1,249.5
3	*General Fund*	$3,648.6	$3,047.6	$2,959.4	$3,155.2
4	**Gross State Education Fund Revenue**	**$1,230.7**	**$1,094.6**	**$1,131.2**	**$1,173.4**
5	Transfer to State Education Fund	$290.0	$0.0	$146.0	$0.0
6	**Gross General Fund Revenue /B**	**$18,055.7**	**$17,616.0**	**$18,361.7**	**$19,131.6**
7	**TOTAL FUNDS AVAILABLE FOR EXPENDITURE**	**$23,890.9**	**$23,187.4**	**$24,088.9**	**$24,709.7**
	Expenditures				
8	General Fund Expenditures /C	$18,863.2	$17,704.2	$18,165.9	$17,450.3
9	State Education Fund Expenditures	$1,047.4	$887.2	$1,664.3	$1,629.5
10	**TOTAL OBLIGATIONS**	**$19,910.6**	**$18,591.4**	**$19,830.1**	**$19,079.8**
11	*Percent Change (from prior year)*	7.2%	-6.6%	6.7%	-3.8%
12	*Reversions and Accounting Adjustments*	-$206.5	$0.0	$0.0	$0.0
	Reserves				
13	**Year-End Balance**	**$4,476.8**	**$4,596.0**	**$4,404.8**	**$5,629.9**
14	State Education Fund	$1,429.2	$1,636.6	$1,249.5	$793.4
15	General Fund	$3,047.6	$2,959.4	$3,155.2	$4,836.5
16	*General Fund Above/Below Statutory Reserve*	$2,102.7	$1,468.2	$1,596.1	$4,658.4

/A See the General Fund and Budget sections discussing the State Education Fund for information on the figures in this table.
/B This amount includes transfers to the General Fund shown in line 3 in Table 4.
/C General Fund expenditures include appropriations subject to the limit of 5.0% of Colorado personal income shown in line 5 in Table 4 as well as all spending outside the limit shown in line 8 in Table 4.

Table 6: Cash Fund Revenue Subject to TABOR /A

	Category	Preliminary FY 2022-23	Estimate FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26
1	**Transportation-Related /A**	**$1,266.8**	**$1,400.7**	**$1,470.9**	**$1,525.7**
2	Change	2.2%	10.6%	5.0%	3.7%
3	**Limited Gaming Fund /B**	**$121.3**	**$122.3**	**$100.5**	**$103.5**
4	Change	5.2%	0.8%	-17.8%	2.9%
7	**Regulatory Agencies**	**$89.4**	**$85.2**	**$97.8**	**$100.8**
8	Change	-3.1%	-4.6%	14.7%	3.1%
9	**Insurance-Related**	**$26.5**	**$23.5**	**$22.9**	**$23.2**
10	Change	9.3%	-11.4%	-2.6%	1.3%
11	**Severance Tax**	**$374.6**	**$218.5**	**$259.3**	**$243.2**
12	Change	15.3%	-41.7%	18.7%	-6.2%
13	**Other Miscellaneous Cash Funds**	**$879.3**	**$827.4**	**$856.3**	**$867.5**
14	Change	1.1%	-5.9%	3.5%	1.3%
15	**TOTAL CASH FUND REVENUE**	**$2,758.0**	**$2,677.7**	**$2,807.8**	**$2,863.8**
16	Change	3.5%	-2.9%	4.9%	2.0%

/A Includes revenue from *Senate Bill 09-108* (FASTER) which began in FY 2009-10. Roughly 40 percent of FASTER-related revenue is directed to State Enterprises. Revenue to State Enterprises is exempt from TABOR and is thus not included in the figures reflected by this table. Dollars in millions. Additionally, includes the impact of SB21-260, which dedicates funding and creates new state enterprises to enable the planning, funding, development, construction, maintenance, and supervision of a sustainable transportation system.
/B Excludes tax revenue from extended gaming as allowed by Amendment 50 to the Colorado Constitution as this revenue is exempt from TABOR. The portion of limited gaming revenue that is exempt is projected based on the formula outlined in *House Bill 09-1272*

Table 6b: Top 25 Miscellaneous Cash Funds - Individual Fund Estimates

	Fund Name	Fund Code	Preliminary FY 2022-23	Estimate FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26
1	Housing Development Grant Fund	23V0	$71.7	$72.0	$39.8	$44.7
2	Medicaid Nursing Facility Cash Fund	22X0	$53.2	$51.3	$51.8	$52.2
3	General Fund - Unrestricted	1000	$46.6	$47.3	$47.0	$47.1
4	Employment Support Fund	2320	$42.4	-$15.7	$18.9	$33.3
5	Oil and Gas Conservation Fund	1700	$35.0	$28.3	$24.4	$20.2
6	Judicial Stabilization Cash Fund	16D0	$33.2	$30.8	$31.7	$31.7
7	School Fund	7050	$33.0	$34.7	$35.0	$35.2
8	Auraria Higher Education Center - Nonenterprise Activities	305M	$32.8	$33.9	$34.0	$34.3
9	Information Technology Revolving Fund	6130	$31.4	$28.2	$29.4	$29.1
10	Judicial Information Technology Cash Fund	21X0	$29.6	$26.8	$27.8	$27.7
11	Adult Dental Fund	28C0	$26.7	$26.9	$27.6	$27.6
12	Offender Services Fund	1010	$24.6	$17.3	$19.3	$18.9
13	Department of State Cash Fund	2000	$22.3	$25.5	$24.9	$25.2
14	Colorado Water Conservation Board Construction Fund	4240	$15.0	$15.2	$15.3	$15.4
15	Victims Assistance Fund	7140	$14.0	$12.4	$12.8	$12.7
16	Supreme Court Committee Fund	7160	$13.9	$14.1	$14.2	$14.2
17	Fleet Management Fund	6070	$13.7	$13.1	$13.4	$9.9
18	Stationary Sources Fund	1190	$13.6	$14.2	$20.7	$20.8
19	Justice Center Cash Fund	21Y0	$11.3	$11.2	$11.3	$11.3
20	Victims Compensation Fund	7130	$11.2	$12.0	$11.8	$11.9
21	State Fair Authority Fund	5100	$10.7	$11.4	$11.3	$11.5
22	Judicial Collection Enhancement Fund	26J0	$9.4	$6.4	$7.2	$7.0
23	Colorado Bureau of Investigation Identification Unit Fund	22Q0	$8.7	$9.2	$9.3	$9.4
24	Correctional Treatment Cash Fund	2550	$7.9	$5.4	$6.1	$5.9
25	Perfluoroalkyl and Polyfluoroalkyl Substances Cash Fund	PPSF	$7.8	$6.6	$6.8	$6.8
	Total		**$619.9**	**$538.5**	**$551.5**	**$564.2**

Table 7: TABOR and the Referendum C Revenue Limit/A

		Preliminary FY 2022-23	Estimate FY 2023-24	Estimate FY 2024-25	Estimate FY 2025-26
1	General Fund /A	$17,468.0	$17,080.1	$17,629.3	$18,452.9
2	Cash Funds /A	$2,758.0	$2,677.7	$2,807.8	$2,863.8
3	**Total TABOR Revenues**	**$20,225.9**	**$19,757.8**	**$20,437.1**	**$21,316.8**
4	Previous calendar year population growth	0.7%	0.7%	0.6%	0.8%
5	Previous calendar year inflation	3.5%	8.0%	5.2%	3.1%
6	**Allowable TABOR Growth Rate**	**4.2%**	**8.7%**	**5.8%**	**3.9%**
7	TABOR Limit /B	$13,445.2	$14,614.9	$15,462.6	$16,065.6
8	General Fund Exempt Revenue Under Ref. C /C	$3,212.1	$3,491.5	$3,694.0	$3,838.1
9	**Revenue Cap Under Ref. C /B /D**	**$16,657.3**	**$18,106.5**	**$19,156.7**	**$19,903.8**
10	***Amount Above/Below Cap***	**$3,568.6**	**$1,651.3**	**$1,280.4**	**$1,413.0**
11	***Revenue to be Refunded including Adjustments from Prior Years /E***	**$3,683.1**	**$1,651.3**	**$1,280.4**	**$1,413.0**
12	TABOR State Emergency Reserve Requirement	$499.7	$543.2	$574.7	$597.1

/A Amounts differ from the General Fund and Cash Fund revenues reported in Table 3 and Table 6 due to accounting adjustments and because some General Fund revenue is exempt from TABOR.
/B The TABOR limit and Referendum C Cap is 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 voter-approval of Referendum C.
/D The revenue limit is calculated by applying the "Allowable TABOR Growth Rate" to either "Total TABOR Revenues" 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.
/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 the total refund amount distributed to taxpayers is adjusted.

Table 8a: List of Transfers to/from General Fund

Bill Number and Description	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Pre November 1, 2023 Transfers					
12-47.1-701 (d) Ltd. Gaming Revenue Transfer to the General Fund	$13.985	$21.646	$21.472	$23.045	$24.701
HB92-1126 Land and Water Management Fund	$0.000	$0.052	$0.000	$0.000	$0.000
HB05-1262 A35 Tobacco Tax 24-22-117 (1)(c)(I)	$0.728	$0.678	$0.606	$0.582	$0.565
HB08-1216 Consumer Outreach and Education Program	$0.017	$0.000	$0.000	$0.000	$0.000
SB11-047 Bioscience Income Tax Transfer to OEDIT*	-$14.613	-$17.614	-$7.000	-$7.000	-$7.000
HB13-1318/SB 17-267 Transfers of Special Sales Tax to MTCF	-$165.724	-$142.200	-$147.906	-$167.850	-$172.046
HB 17-1343 Repeal of Intellectual and Developmental Disabilities Services Cash Fund		$16.933			
SB17-261 Repeal of 2013 Flood Recovery Account	$8.317	$0.000	$0.000	$0.000	$0.000
SB17-267 Sustainability of Rural CO (Transfer MJ Special Sales Tax to Public School Fund)	-$29.039	-$24.917	-$25.917	-$29.412	-$30.147
HB18-1323 Pay For Success Fund at OSPB	-$0.448				
HB20-1116 Procurement Technical Assistance Program Extension	-$0.175	-$0.220	-$0.220	-$0.220	-$0.220
HB20-1427 (Prop EE) - 2020 Tax Holding Fund	-$207.987	-$234.993	-$205.552	-$237.990	-$240.917
HB20-1427 (Prop EE) - 2020 Tax Holding Fund	$4.050	$4.050	$4.050	$4.050	$4.050
SB20-002 Repeal of Emergency Direct Assistance Grant Program Fund		$0.016			
Proposition EE - Preschool Programs Cash Fund	-$0.364	$0.000	$0.000	$0.000	$0.000
HB21-1149 Energy Sector Career Pathway in Higher Education	-$5.000				
HB21-1285 Funding To Support Creative Arts Industries	-$18.000				
SB21-209 Transfer to GF from Repealed Cash Funds		$0.054			
SB21-213 Use Of Increased Medicaid Match	$11.862	$9.985	$9.171	$7.418	$1.128
SB21-222 Repeal of Recovery Audit Cash Fund		$0.029			
SB21-225 Repay Cash Funds for 2020 Transfers	-$10.000				
SB21-251 General Fund Loan Family Medical Leave Program			$1.530		
SB21-252 Community Revitalization Grant Program	-$65.000	$0.000	$0.000	$0.000	
SB21-260 Community Access Enterprise		$0.100			
SB21-281 Severance Tax Trust Fund Allocation		-$9.456			
SB21-283 Cash Fund Solvency	-$4.300				
HB22-1001 Reduce Fees For Bus Filings	$0.000	-$8.435	$0.000		
HB22-1004 Driver License Fee Reduction	$0.000	-$3.900	$0.000		
HB22-1011 Wildfire Mitigation Incentives For Local Gov	$0.000	-$10.000	$0.000		
HB22-1012 Wildfire Mitigation and Recovery	$0.000	-$7.200	$0.000		
HB22-1115 Prescription Drug Monitoring Program	$0.000	-$2.045	$0.000		
HB22-1132 Regulation & Services For Wildfire Mitigation	$0.000	-$0.100	$0.000		
HB22-1151 Turf Replacement Program	$0.000	-$2.000	$0.000		
HB22-1194 Local Firefighter Safety Resources	-$5.000	$0.000	$0.000		
HB22-1197 Effective Date Of Dept. Of Early Childhood	-$3.001	$0.000	$0.000		
HB22-1298 Fee Relief Nurses Nurse Aides &Technicians	$0.000	-$11.720	$0.000		
HB22-1299 License Regis Fee Relief For Mental Health Profls	$0.000	-$3.699	$0.000		
HB22-1350 Regional Talent Development Initiative Grant Prog	$32.373	$0.000	$0.000		
HB22-1362 Building Greenhouse Gas Emissions	-$25.000	$0.000	$0.000		

HB22-1381 CO Energy Office Geothermal Energy Grant Program	$0.000	-$12.000	$0.000		
HB22-1382 Support Dark Sky Designation & Promotion In CO	$0.000	-$0.035	$0.000		
HB22-1394 Fund Just Transition Community & Worker Supports	$0.000	-$15.000	$0.000		
HB22-1408 Modify Performance-based Incentive For Film Production	$0.000	-$2.000	$0.000		
HB22-1411 Money From Coronavirus State Fiscal Recovery Fund	-$28.000	$0.000	$0.000		
SB22-036 State Payment Old Hire Death And Disability Benefits	$0.000	-$6.650	$0.000		
SB22-130 State Entity Authority For Public-private Partnerships	$0.000	-$15.000	$0.000		
SB22-134 State Fair Master Plan Funding	-$4.000	$0.000	$0.000		
SB22-151 Safe Crossings For Colorado Wildlife & Motorists	$0.000	-$5.000	$0.000		
SB22-163 Establish State Procurement Equity Program	$0.000	-$2.000	$0.000		
SB 22-168 Backcountry Search and Rescue	-$1.000	$0.000	$0.000		
SB22-183 Crime Victims Services	-$6.000	-$1.000	$0.000		
SB22-191 Procurement Of Information Technology Resources	$0.000	$0.000	$0.000		
SB22-193 Air Quality Improvement Investments	-$102.000	-$1.500	$0.000		
SB22-195 Modifications To Conservation District Grant Fund	$0.000	-$0.148	-$0.148	-$0.148	-$0.148
SB22-202 State Match for Mill Levy Override Revenue	$0.000	-$10.000	$0.000		
SB22-206 Disaster Preparedness & Recovery Resources	-$35.000	$0.000	$0.000		
SB22-214 General Fund Transfer To PERA Payment Cash Fund	$0.000	-$198.471	$0.000		
SB22-215 Infrastructure Investment & Jobs Act Cash Fund	-$80.250	$0.000	$0.000		
SB22-238 2023 and 2024 Property Tax	$0.000	-$200.000	$0.000		
HB23-1041 Prohibit Wagering On Simulcast Greyhound Races				-$0.025	
HB23-1107 Crime Victim Services Funding			-$3.000		
HB23-1272 Tax Policy That Advances Decarbonization			$11.615	$26.186	$30.755
HB23-1273 Creation of Wildfire Resilient Homes Grant Program			-$0.100		
HB23-1290 Proposition EE Funding Retention Rate Reduction			-$5.624		
HB23-1305 Continue Health Benefits in Work-related Death			-$0.150	-$0.150	-$0.150
SB23-001 Authority Of Public-private Collaboration Unit For Housing			-$5.000		
SB23-005 Forestry And Wildfire Mitigation Workforce		-$1.000	-$1.000	-$1.000	-$1.000
SB23-044 Veterinary Education Loan Repayment Program			-$0.540		
SB23-056 Compensatory Direct Distribution to PERA			-$10.000		
SB23-137 Transfer to Colorado Economic Development Fund		-$5.000			
SB23-161 Financing to Purchase Firefighting Aircraft		-$26.000			
SB23-166 Establishment of a Wildfire Resiliency Code Board			-$0.250		
SB23-205 Universal High School Scholarship Program			-$25.000		
SB23-215 State Employee Reserve Fund General Fund Transfer			$4.914		
SB23-246 Transfers to State Emergency Reserve		-$20.000			
SB23-255 Wolf Depredation Compensation Fund			-$0.175	-$0.350	-$0.350
SB23-257 Auto Theft Prevention Cash Fund			-$5.000		
SB23-275 Colorado Wild Horse Project		-$1.500			
SB23-283 Mechanisms For Federal Infrastructure Funding			-$84.000		
Transfers Enacted in 2023 Special Session or November Ballot Measures					
HB23B-1001: ERA Transfer			-$15.100		
Proposition II Passage Return Funds to General Fund			$5.624		

Transfers Included in Governor's November 1 Budget Request					
Severance Tax				$50.000	
IIJA Swap				$19.300	
CSI Mill Levy Equalization				-$42.123	
Retail EV Charging Stations				-$0.263	
Creative Districts Modifications & Funding				-$0.500	
Opportunity Now 2.0				-$5.250	
Investment in Local Crime Prevention Strategies				-$7.500	
Placeholder for Natural Medicine				-$0.100	
Broadband				-$11.407	
Workforce Housing				-$16.000	
STR Local Gov Reimbursement				-$15.000	
Transit-Oriented Development				-$35.000	
Other Governor's Requests				-$5.000	
Transfers into General Fund	**$71.333**	**$53.546**	**$58.982**	**$130.581**	**$61.199**
Transfers out of General Fund	**-$809.901**	**-$1,000.802**	**-$541.681**	**-$582.288**	**-$451.977**
Net Transfers	**-$738.568**	**-$947.256**	**-$482.700**	**-$451.706**	**-$390.779**

Table 8b: General Fund Transfers for Infrastructure and Capital Construction

Transfers from GF for State infrastructure	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Placeholder for Level 1 Controlled Maintenance					$30.0
HB15-1344 Fund National Western Center and Capital Projects	$20.0	$20.0	$20.0	$20.0	$20.0
HB20-1378 Capital-Related Transfers					
SB21-064 Retaliation Against an Elected Official	$0.1				
SB21-112 Gen Fund Transfer to Cap Construction Fund State Parks					
SB21-224 Capital-related Transfers Of Money	$328.8				
HB22-1195 Transfers From General Fund To Cap Constr Fund	$5.064	$0.000	$0.000	$0.000	
HB22-1340 Capital-related Transfers Of Money	$0.000	$462.195	$0.000	$0.000	
SB22-239 Buildings In The Capitol Complex	$0.000	$0.000	$0.000	$0.000	
SB23-141 Transfers for Capital Construction		$11.001			
SB23-243 General Fund Transfers to Capital Construction Fund	$0.000	$0.000	$294.170	$0.000	
SB23-294 Increase General Fund Transfers to Capital Construction Fund			$18.213		
Governor's Budget Request for Capital and IT Capital				$219.453	
Total Capital Construction	**$354.0**	**$493.2**	**$332.4**	**$239.5**	**$50.0**
SB21-110 Fund Safe Revitalization of Main Streets					
SB21-260 Sustainability of the Transportation System	$282.5	$2.5	$0.0	$117.5	$117.5
SB21-265 Transfer from GF to SHF	$124.0				
HB22-1411 Money From Coronavirus State Fiscal Recovery Fund	$36.5	$0.0	$0.0	$0.0	
HB22-1351 Temporarily Reduce Road User Charges	$0.0	$78.5	$0.0	$0.0	
SB22-176 Early Stage Front Range Passenger Rail Funding	$1.9	$7.0	$0.0	$0.0	
SB22-180 Programs To Reduce Ozone Through Increased Transit	$68.0	$0.0	$0.0	$0.0	
SB23-283 Mechanisms for Federal Infrastructure Funding			$5.0		
TOTAL TRANSPORTATION	**$512.9**	**$88.0**	**$0.0**	**$117.5**	**$117.5**

Table 8c: General Fund Transfers for State Education Fund

Transfers from GF to State Education Fund	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
HB 20-1420	$23.0				
SB 21-208	$100.0				
HB 22-1390 (Reduced by $10M as result of SB 22-202)		$290.0			
SB23B-001 SEF Transfer				$146.0	
Total	**$123.0**	**$290.0**	**$0.0**	**$146.0**	**$0.0**

Table 9: Rebates and Expenditures

Category	FY 2022-23	% Chg	FY 2023-24	% Chg	FY 2024-25	% Chg	FY 2025-26	% Chg
Rebates & Expenditures:								
Cigarette Rebate to Local Governments	$7.7	-7.0%	$6.5	-15.7%	$0.0	-100.0%	$0.0	N/A
Marijuana Rebate to Local Governments	$21.9	-14.5%	$22.9	4.4%	$26.0	13.5%	$26.6	2.5%
Old-Age Pension Fund/Older Coloradans Fund	$94.9	9.2%	$89.6	-5.6%	$86.4	-3.7%	$86.5	0.1%
Aged Property Tax & Heating Credit	$12.0	105.2%	$10.6	-11.7%	$10.1	-4.5%	$10.3	1.2%
Homestead Exemption	$163.7	1.0%	$168.5	2.9%	$175.3	4.1%	$182.6	4.2%
TABOR Refund Portion of Homestead Exemption	*($163.6)*		*($168.5)*		*($175.3)*		*($182.6)*	
Debt Payment on Bonds for School Loans	$10.5	952.4%	$23.9	126.4%	$18.9	-20.8%	$13.1	-30.5%
Fire/Police Pensions	$4.3	-5.0%	$4.6	7.4%	$4.7	2.2%	$4.8	2.1%
Amendment 35 General Fund Expenditure	$0.7	-6.9%	$0.6	-10.6%	$0.6	-4.0%	$0.6	-3.0%
Property Tax Exemption Reimbursement to Local Governments	$16.6	-0.5%	$16.6	-0.3%	$17.8	7.1%	$18.9	6.5%
Property Tax Assessed Value Reductions from SB22-238			$237.1	N/A				
TABOR Refund Portion of Reductions			*($237.1)*	N/A				
Total Rebates & Expenditures (Excluding TABOR Refund)	**$168.7**	**12.8%**	**$175.2**	**3.9%**	**$164.4**	**-6.2%**	**$160.7**	**-2.2%**

APPENDIX C

STATE OF COLORADO ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2022

and

STATE OF COLORADO UNAUDITED BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

(Pagination reflects the original printed documents)

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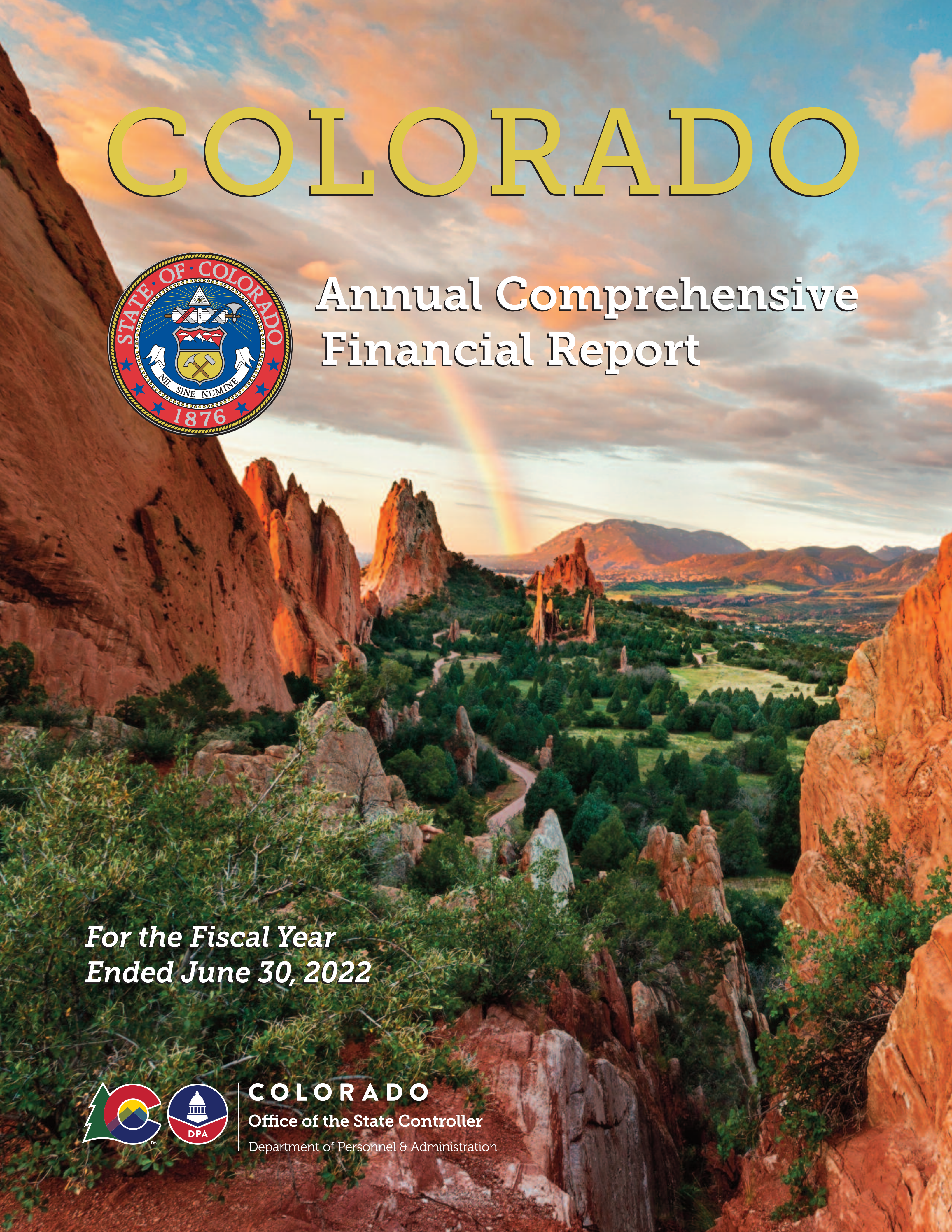
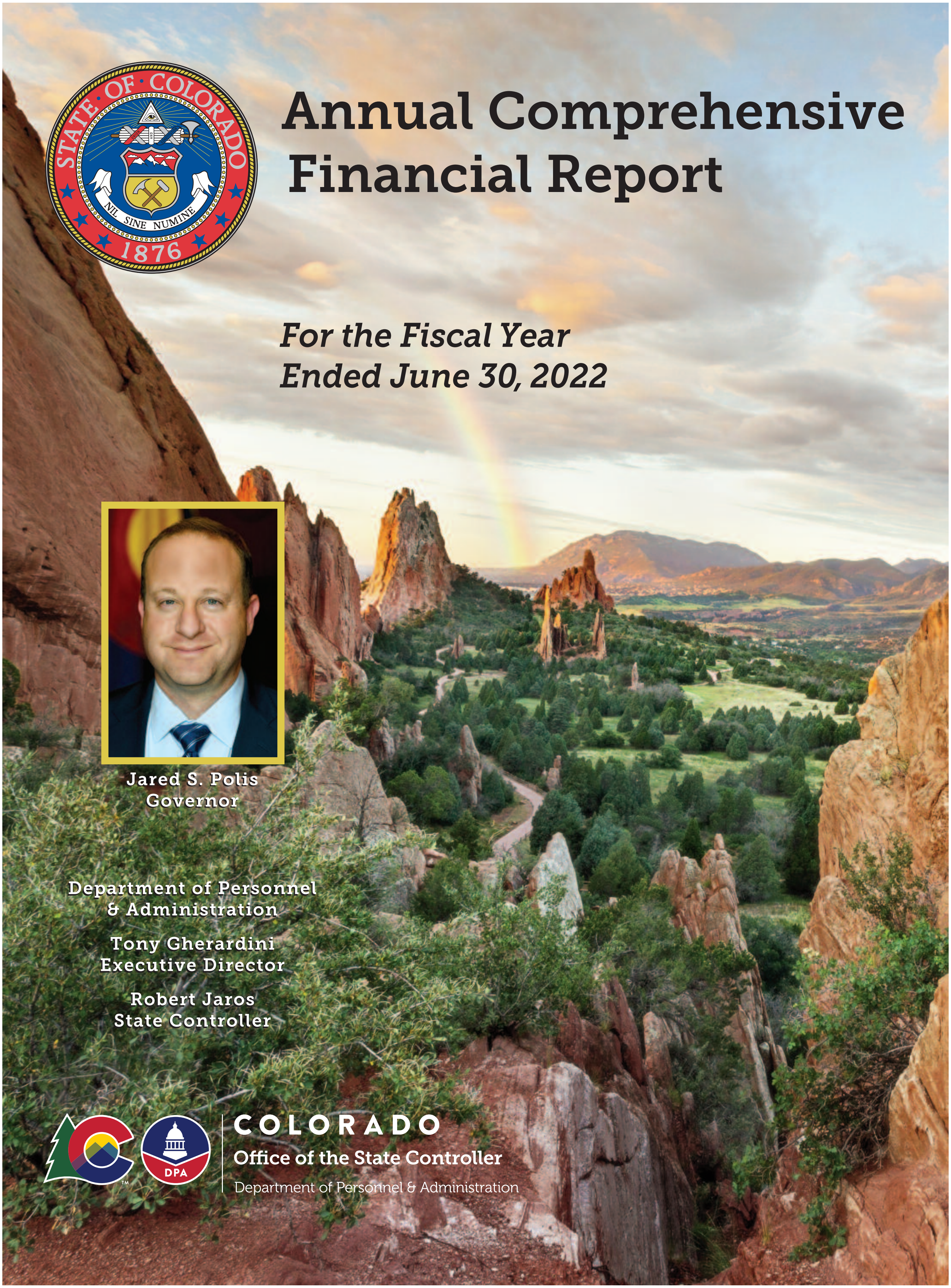


COLORADO

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

COLORADO
Office of the State Controller
Department of Personnel & Administration



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Jared S. Polis
Governor

Department of Personnel & Administration

Tony Gherardini
Executive Director

Robert Jaros
State Controller

COLORADO
Office of the State Controller
Department of Personnel & Administration

REPORT LAYOUT

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

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

STATE OF COLORADO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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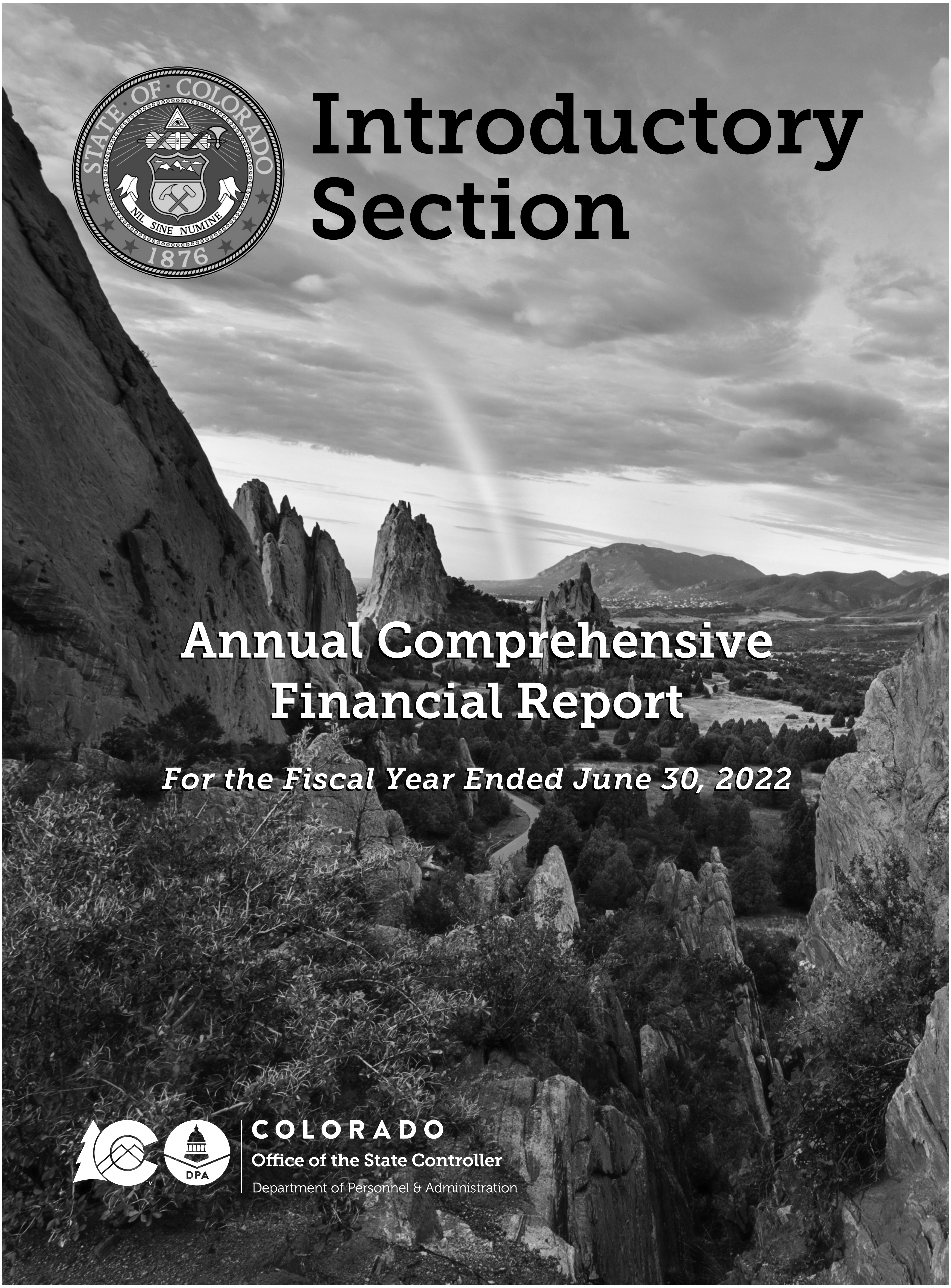

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

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

December 20, 2022

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

I am pleased to submit the State of Colorado's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. The State Controller is responsible for the contents of the ACFR and is committed to sound financial management and governmental accountability.

We believe the Basic Financial Statements contained in the ACFR 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 ACFR 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 ACFR 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 ACFR 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 5,857,500 Coloradans. The services provided are categorized by function of government on the government-wide *Statement of Activities*. The largest of these are social assistance, unemployment insurance, higher education, and education.

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Jared S. Polis, Governor | Tony Gherardini, Executive Director

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 ACFR as prescribed by GAAP. The financial information for these component units is discretely presented, blended within the Higher Education Fund, or presented in the fiduciary fund statements. 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
  - Statewide Internet Portal Authority

- Blended Component Units:
  - University Physicians Inc., d/b/a CU Medicine
  - University of Colorado Property Construction, Inc.

- Fiduciary Component Units:
  - University of Colorado Health and Welfare Trust
  - State Board for Community Colleges and Occupational Education Employee Benefit Trust Fund

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.

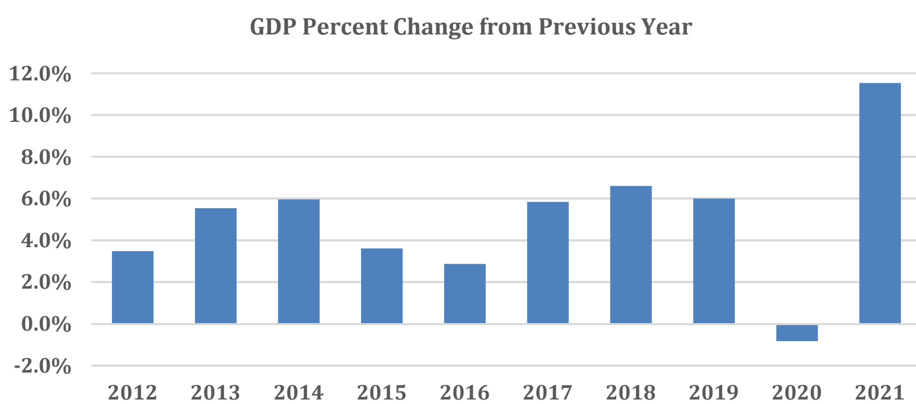
For the most part, operating appropriations lapse at the end of the fiscal year unless the State Controller approves, at a line item level, an appropriation roll-forward based on express legislative direction or extenuating circumstances. The State Controller may also, at a line item level and with the 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 a small decline in Fiscal Year 2022; General Fund revenues decreased by $69 million (0.5 percent) from the prior year. Historically, Colorado economic activity and in-migration have been interdependent. Net migration has averaged approximately 34,400 from 2017 to 2021. Net migration has decreased over this period from approximately 42,400 (2017) to 15,100 (2021) and is projected to be 30,000 and 35,000 for 2022 and 2023, respectively.

The chart below shows the percent change from the previous year of Colorado's gross domestic product (GDP) for the years 2012 to 2021. According to the Bureau of Economic Analysis (BEA), the GDP consistently increased from 2012 to 2021 with a single year of decrease in 2020. Colorado's 2021 GDP of $436,259.5 million is an 11.5 percent increase from 2020 and a 63.1 percent increase from 2011.



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 2011 and 2021. Over this ten-year period, the industry profile of the State's GDP has been stable, with growth across most industries.

Industry	2011 GDP (millions)	2011 Percent of Total	2021 GDP (millions)	2021 Percent of Total
Finance, Insurance, Real Estate, Rental, and Leasing	$ 54,348.4	20.4 %	$ 89,886.2	20.5 %
Professional and Business Services	37,770.7	14.1	67,659.4	15.5
Government and Government Enterprises	34,199.2	12.8	52,156.1	12.0
Educational Services, Health Care, and Social Assistance	19,097.6	7.1	30,391.5	7.0
Manufacturing	20,635.3	7.7	28,883.2	6.6
Information	18,858.4	7.0	27,315.0	6.3
Wholesale Trade	14,704.0	5.5	25,703.2	5.9
Retail Trade	14,143.4	5.3	24,884.8	5.7
Construction	9,500.2	3.6	24,527.9	5.6
Arts, Entertainment, Recreation, Accommodation, and Food Services	11,349.6	4.2	20,812.9	4.8
Mining, Quarrying, and Oil and Gas Extraction	13,364.3	5.0	13,475.9	3.1
Transportation and Warehousing	6,869.7	2.6	12,650.3	2.9
Other Services (Except Government and Government Enterprises)	5,917.4	2.2	9,651.7	2.2
Utilities	3,989.2	1.5	5,565.5	1.3
Agriculture, Forestry, Fishing and Hunting	2,768.7	1.0	2,795.9	0.6
All Industry Total	$ 267,516.1		$ 436,359.5	

The Governor's Office of State Planning and Budgeting (OSPB) described Colorado's economic outlook in the September 2022 *Colorado Economic and Fiscal Outlook*:

"Colorado's job growth is expected to remain strong in 2022, exceeding 2021 growth. Job growth slows in the outyears but continues to outpace the nation, because the local economy has a higher concentration of service sectors that are expected to fare better over the forecast period. The primary Colorado inflation rate is expected to face additional upward pressure from shelter and service prices relative to the nation as a whole. Real retail sales growth remains positive in 2022 at a pace slightly higher than the U.S., but then similar to the country as a whole, turns negative in 2023 in the face of rising inflation."

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

- Unemployment will average 3.5 percent for 2022 compared with 5.4 and 6.9 percent in 2021 and 2020, respectively, and is expected to increase to 3.9 percent in 2023.

- Wages and salary income will increase by 10.4 percent in 2022, followed by increases of 4.1 percent in 2023 and 2024.

- Total personal income will increase by 3.6 percent in 2022 and will increase by 3.6 percent and 4.3 percent in 2023 and 2024, respectively.

- Inflation, measured by the Denver-Aurora-Lakewood Consumer Price Index, will be 8.3 percent in 2022 and 4.5 percent in 2023.

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

Section 24-75-201.1, C.R.S, establishes the State's General Fund reserve requirement. The purpose of this limit on General Fund appropriations is to maintain sufficient available budgetary fund balance. The reserve is 13.4 percent of the amount appropriated for expenditure from the General Fund for Fiscal Year 2022 and 15.0 percent for fiscal years thereafter.

Section 24-51-414, C.R.S., addresses underfunded obligations of the Public Employees' Retirement Association (PERA), which provides benefits to state and local government retirees. Per this Section, the State makes a direct distribution of $225 million each fiscal year until there are no unfunded pension liabilities in any of PERA's divisions.

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

The State has received about $4.6 billion for programs in the American Rescue Plan. These include the State and Local Fiscal Recovery Fund ($3.8 billion), Emergency Rental Assistance 1 and 2 ($453 million), Homeowners Assistance Fund ($175 million), and the Capital Projects Fund ($163 million). In the 2021 and 2022 legislative sessions, the General Assembly appropriated almost all of the State and Local Fiscal Recovery Fund amount and the departments are in the process of obligating and spending these funds.

AWARDS AND ACKNOWLEDGEMENTS

The Certificate of Achievement for Excellence in Financial Reporting is an award given by the Government Finance Officers Association of the United States and Canada (GFOA). In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements and is valid for a period of one year only. The GFOA is still evaluating the State of Colorado's ACFR for the Fiscal Year ended June 30, 2021 for the award.

We believe that our current ACFR meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

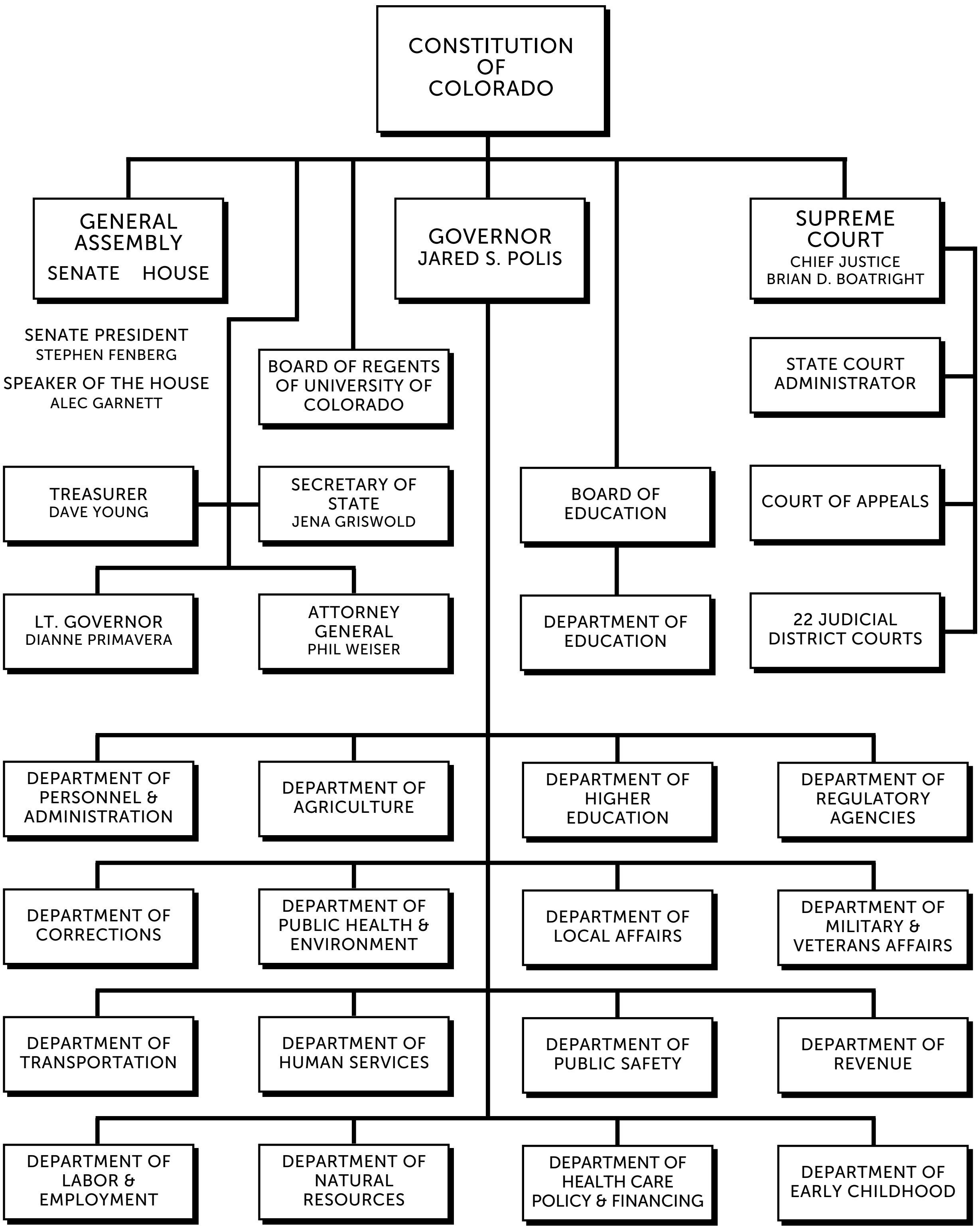
In conclusion, I thank my staff and the controllers, accountants, auditors, and program managers in the State departments and branches whose time and dedication have made this report possible. I reaffirm our commitment to maintaining the highest standards of accountability in financial reporting.

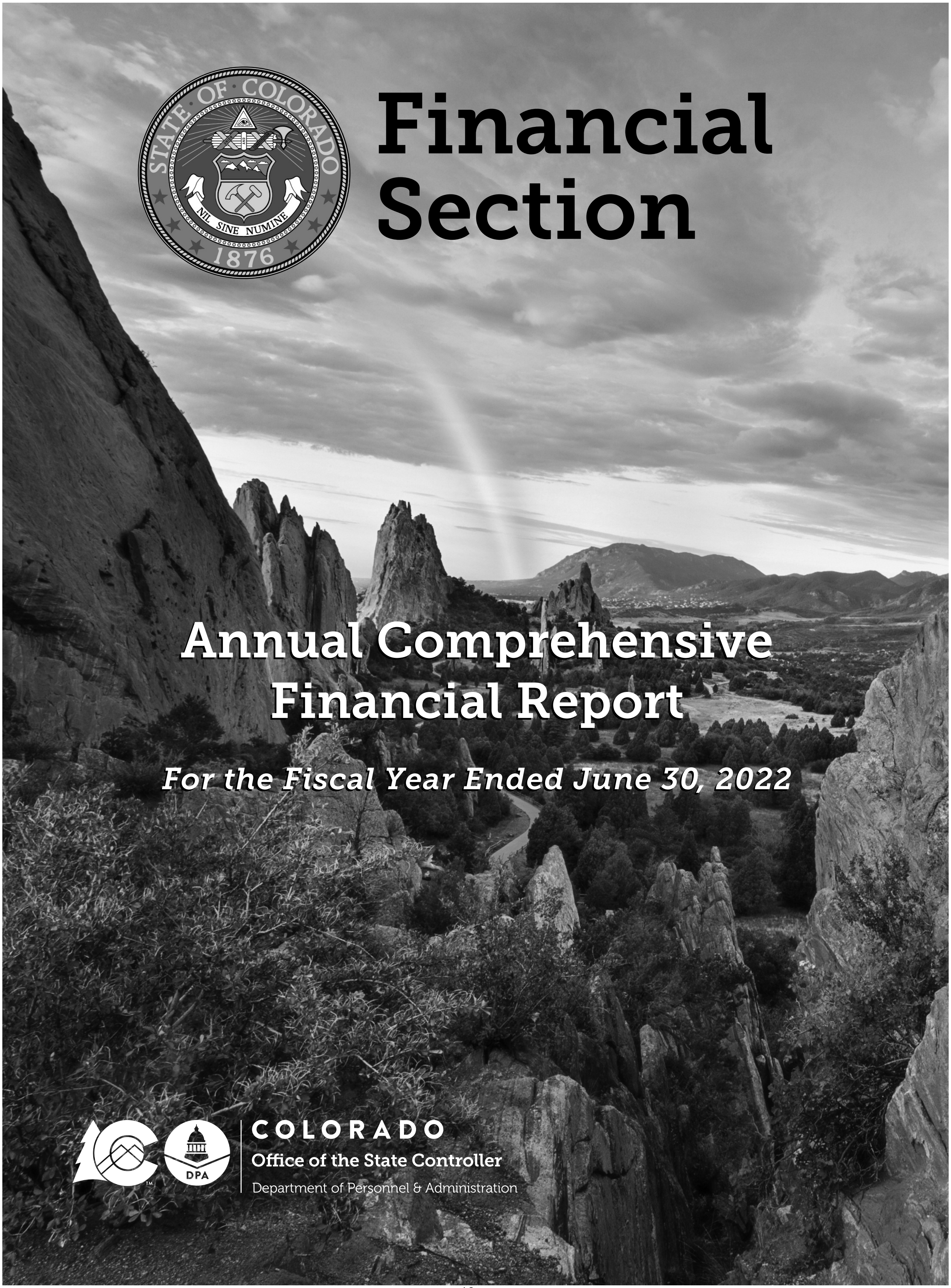
Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS





Financial Section

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

COLORADO
Office of the State Controller
Department of Personnel & Administration

Independent Auditor's Report

Members of the Legislative Audit Committee:

Report on the Financial Statements

Opinions

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, 2022, 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, 2022, as displayed in the State's required supplementary information section.

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, 2022, 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.

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); Altitude West, LLC; and University License Equity Holding Inc.; blended component units, which represent the following:

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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; Altitude West, LLC; and University License Equity Holding Inc.	7%	17%	16%
Government-wide statements			
Business-type activities			
CU Medicine; Altitude West, LLC; and University License Equity Holding Inc.	5%	12%	8%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts and disclosures included for those discretely presented component units and for CU Medicine, Altitude West, LLC and University License Equity Holding Inc., are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Colorado, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the University of Colorado Foundation, the Statewide Internet Portal Authority, and the Denver Metropolitan Major League Baseball Stadium District, which are discretely presented component units; Altitude West LLC, a blended component unit; and the University of Colorado Health and Welfare Trust, a fiduciary component unit; were audited in accordance with auditing standards generally accepted in the United States, but were not audited in accordance with *Government Auditing Standards.*

Emphasis of Matter

New Accounting Standards

As discussed in Note 1 to the financial statements, the State has adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases,* for the year ended June 30, 2022. Accordingly, a restatement has been made to governmental, business-type, and fiduciary net position as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, the State's management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements and schedule as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements and schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and schedule.

- Obtain an understanding of internal control relevant to the audit 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 State's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements and schedule.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Location of Required Supplementary Information	
Required Supplementary Information	**Pages**
Management's discussion and analysis	27-42
Budgetary comparison schedules	170-175
Notes to required supplementary information	176-190
Budgetary comparison schedule-general fund component	192-193

Such information is the responsibility of management and, 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.

Supplementary Information

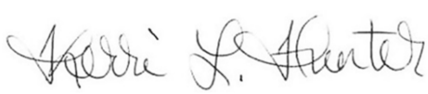
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The combining nonmajor fund financial statements and schedule of TABOR revenue and computations are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 our audit and the report of the other auditors, 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 Information
Management is responsible for the other information included in the annual report. The other information comprises the introductory section, budget and actual schedules-budgetary basis non-appropriated, and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we will issue a separate report dated December 20, 2022, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance.

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



Denver, Colorado
December 20, 2022

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 Custodial Funds. Custodial Funds track only assets and liabilities and do not report revenues and expenses on a statement of operations. All Fiduciary Funds are reported using the accrual basis of accounting.

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

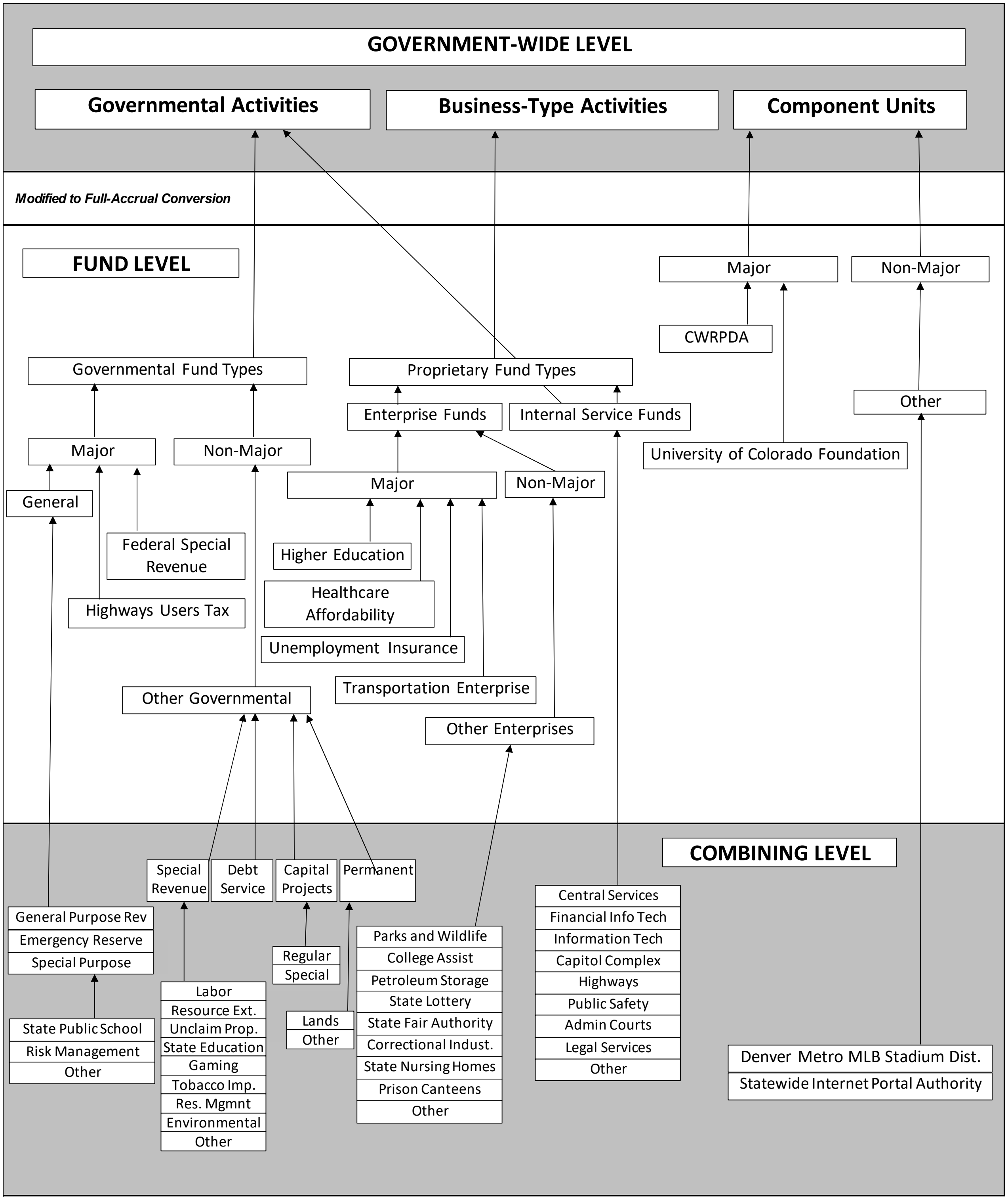
Notes to Basic Financial Statements

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

Required Supplementary Information (RSI)

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

The chart on the following page is a graphic representation of how the State's funds are organized in this report. Fiduciary Funds are not shown in the chart because those resources are not available to support the State's programs.



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

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Government-wide Statement of Net Position

The amount of total net position is one measure of the health of the State's finances, and serves as a useful indicator of a government's financial position over time. However, this measure must be used with care because large portions of the balances related to capital assets or restricted assets may be unavailable to meet the day-to-day payments of the State. The State's combined total net position of both governmental and business-type activities increased 15.6 percent from the prior fiscal year by $2,996.5 million from $19,203.0 million in Fiscal Year 2021, to $22,199.5 million in Fiscal Year 2022. 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 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Noncapital Assets	$ 25,035,287	$ 21,370,185	$ 10,166,811	$ 11,221,670	$ 35,202,098	$ 32,591,855
Capital Assets	13,676,105	13,069,596	12,336,622	11,237,496	26,012,727	24,307,092
Total Assets	38,711,392	34,439,781	22,503,433	22,459,166	61,214,825	56,898,947
Deferred Outflow of Resources	2,379,265	1,654,895	871,551	909,377	3,250,816	2,564,272
Current Liabilities	11,611,394	8,577,270	3,599,378	6,042,231	15,210,772	14,619,501
Noncurrent Liabilities	11,406,078	10,634,717	10,486,665	10,214,212	21,892,743	20,848,929
Total Liabilities	23,017,472	19,211,987	14,086,043	16,256,443	37,103,515	35,468,430
Deferred Inflow of Resources	3,689,509	3,531,733	1,473,096	1,260,085	5,162,605	4,791,818
Net Investment in Capital Assets	8,901,296	9,172,398	6,151,070	5,973,861	15,052,366	15,146,259
Restricted	4,669,335	4,095,294	1,095,670	1,025,132	5,765,005	5,120,426
Unrestricted	813,045	83,264	569,105	(1,146,978)	1,382,150	(1,063,714)
Total Net Position	$ 14,383,676	$ 13,350,956	$ 7,815,845	$ 5,852,015	$ 22,199,521	$ 19,202,971

The State's net investment in capital assets of $15,052.4 million for the total primary government (governmental and business-type activities combined), represents a decrease of $0.1 million (0.6 percent) 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 reduced by their related liabilities account for another $5,765.0 million of total primary government net position. Restricted assets increased by $644.6 million relative to the prior fiscal year. In general, these restrictions dictate how the related assets must be used by the State, and therefore, may not be available for use by any of the State's programs. Examples of restrictions on the use of net position include the constitutionally-mandated TABOR reserve, State Education Fund, Highway Users Tax Fund, and resources pledged to debt service.

The unrestricted component of net position for the total primary government is $1,382.2 million for the fiscal year ended June 30, 2022, which represents an increase of $2,445.9 million from the prior fiscal year. The increase is primarily due to increases in unrestricted cash and pooled cash of $3,159.0 million, and a decrease of the net pension liability during the fiscal year of $833.9 million related to the State and Judicial Division Trust Funds, administered by the Public Employees Retirement Association (PERA). These increases were offset by an increases in Notes, Bonds, and Certificates of Participation payable of $1,486.9 million and $307.3 million for Other Postemployment Benefits, respectively, from the prior fiscal year. The State's current liabilities reported on the Statement of Net Position increased by $591.3 million over the prior fiscal year, and noncurrent liabilities increased by $1,043.8 million from the prior fiscal year. Certain noncurrent liabilities, such as bonds and certificates of participation payable, have related capital assets while the net pension liability factors in trust plan assets managed by PERA.

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 $14,383.7 million, an increase in net position of $1,032.7 million as compared to the prior fiscal year amount of $13,351.0 million. Total cash (restricted and unrestricted) balances increased by $3,197.4 million, and Taxes Receivable, net of refunds payable and Other Receivables, net, decreased by $42.2 million, due to the increase in tax collections during the fiscal year. Total investments (restricted and unrestricted) decreased by $245.2 million due to market value decreases. Capital assets, net of accumulated depreciation, increased by $606.5 million due to various capital projects throughout the State.

Governmental activities' liabilities for notes, bonds, and Certificates of Participation at June 30, 2022 were $4,754.4 million as compared to the prior fiscal year amount of $3,992.2 million – an increase of $762.2 million, primarily related to issuances of certificates of participation. These liabilities represent 29.2 percent of unrestricted financial assets (cash, receivables, and investments), and 12.3 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 $271.1 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 2022, and $150.4 million in Building Excellent Schools Today Series 2021S refunding Certificates of Participation. Restricted net position for governmental activities increased by $574.0 million, and unrestricted net position increased $729.9 million from the prior year primarily due to the decrease in net pension liability and the increase in federal funding from Coronavirus State and Local Fiscal Recovery Funds. The change from deficit unrestricted net position in Fiscal Year 2020 to a positive net position in Fiscal Years 2021 and 2022 is primarily a result of a large influx of federal grants related to the COVID-19 pandemic. The unrestricted net position for governmental activities is expected to return to a deficit in the near term absent additional federal COVID-19 or economic recovery funding. The reason for deficit unrestricted net position in prior years was the initial recognition of the net pension liability in Fiscal Year 2015, and the recognition of the net OPEB liability in Fiscal Year 2018. The pension liability is expected to decrease over time due to additional funding measures put in place by Senate Bill 18-200.

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 $7,815.8 million – an increase in net position of $1,963.8 million as compared to the prior year amount of $5,852.0 million. The increase is primarily attributed to decreases in current liabilities of approximately $2,442.9 million, due to an accrual of approximately $2,598.5 million for Unemployment Insurance benefit payments in Fiscal Year 2021 that was reversed in Fiscal Year 2022 as claims were paid and accurate data from the MyUI+ system was received.

The State's Enterprise Funds have notes, bonds, and Certificates of Participation outstanding that total $5,911.8 million, as compared to the prior fiscal year amount of $5,187.0 million – an increase of $724.8 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, $6,151.1 million was for investment in capital assets, $1,095.7 million is restricted for the purposes of various funds, and unrestricted net position of approximately $569.1 million.

The change from deficit unrestricted net position in Fiscal Year 2020 to a positive net position in Fiscal Years 2021 and 2022 is primarily a result of a large influx of federal grants from Coronavirus State and Local Fiscal Recovery Funds, in addition to a reduction in the net pension liability. The unrestricted net position for business-type activities is expected to return to a deficit in the near term absent additional federal COVID-19 or economic recovery funding. The reason for deficit unrestricted net position in prior years was the initial recognition of the net pension liability in Fiscal Year 2015, and the recognition of the net OPEB liability in Fiscal Year 2018. The pension liability is expected to decrease over time due to additional funding measures put in place by Senate Bill 18-200. Business-type activities reported a $177.2 million increase in net investment in capital assets, and restricted net position for business-type activities reported a slight increase of $70.5 million from the prior fiscal year.

Government-wide Statement of Activities

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

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
Programs/Functions	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
Program Revenues:						
Charges for Services	$ 1,912,916	$ 1,734,952	$ 9,124,591	$ 7,931,639	$ 11,037,507	$ 9,666,591
Operating Grants and Contributions	11,040,507	10,495,268	7,371,360	14,095,372	18,411,867	24,590,640
Capital Grants and Contributions	604,090	544,553	153,514	183,207	757,604	727,760
General Revenues:						
Taxes	14,733,530	14,288,822	11,556	9,238	14,745,086	14,298,060
Restricted Taxes	1,627,154	1,468,337	-	-	1,627,154	1,468,337
Unrestricted Investment Earnings	70,997	50,931	-	-	70,997	50,931
Other General Revenues	114,568	104,683	-	-	114,568	104,683
Total Revenues	30,103,762	28,687,546	16,661,021	22,219,456	46,764,783	50,907,002
Expenses:						
General Government	653,468	822,391	-	-	653,468	822,391
Business, Community, and Consumer Affairs	1,602,867	1,368,553	-	-	1,602,867	1,368,553
Education	8,127,798	6,656,947	-	-	8,127,798	6,656,947
Health and Rehabilitation	2,230,242	1,660,656	-	-	2,230,242	1,660,656
Justice	2,303,604	1,691,958	-	-	2,303,604	1,691,958
Natural Resources	161,976	99,053	-	-	161,976	99,053
Social Assistance	11,812,410	10,157,280	-	-	11,812,410	10,157,280
Transportation	1,941,505	1,632,855	-	-	1,941,505	1,632,855
Interest on Debt	117,938	135,332	-	-	117,938	135,332
Higher Education Institutions	-	-	8,339,105	6,900,408	8,339,105	6,900,408
Healthcare Affordability	-	-	4,550,548	4,198,822	4,550,548	4,198,822
Unemployment Insurance	-	-	1,607,811	9,465,001	1,607,811	9,465,001
Lottery	-	-	717,699	691,944	717,699	691,944
Parks and Wildlife	-	-	225,095	170,705	225,095	170,705
College Assist	-	-	171,430	79,637	171,430	79,637
Other Business-Type Activities	-	-	496,569	523,885	496,569	523,885
Total Expenses	28,951,808	24,225,025	16,108,257	22,030,402	45,060,065	46,255,427
Excess (Deficiency) Before Contributions, Transfers, and Other Items	1,151,954	4,462,521	552,764	189,054	1,704,718	4,651,575
Contributions, Transfers, and Other Items:						
Transfers (Out) In	(443,435)	(366,962)	443,435	366,962	-	-
Permanent Fund Additions	315,002	141,128	8	5	315,010	141,133
Total Contributions, Transfers, and Other Items	(128,433)	(225,834)	443,443	366,967	315,010	141,133
Total Changes in Net Position	1,023,521	4,236,687	996,207	556,021	2,019,728	4,792,708
Net Position - Beginning	13,350,956	9,290,973	5,852,015	5,113,700	19,202,971	14,404,673
Prior Period Adjustment (See Note 15A)	8,978	(196,566)	978,053	181,689	987,031	(14,877)
Accounting Changes	221	19,862	(10,430)	605	(10,209)	20,467
Net Position - Ending	$ 14,383,676	$ 13,350,956	$ 7,815,845	$ 5,852,015	$ 22,199,521	$ 19,202,971

For governmental activities, total revenues and permanent fund additions exceeded total expenses and transfers-out, which resulted in an increase to net position of $1,023.5 million. Program revenues for governmental activities increased by $782.7 million (6.1 percent), and General revenues for governmental activities increased by $633.5 million (4.0 percent). Total expenses for governmental activities increased by $4,726.8 million (19.5 percent) from the prior fiscal year, due to increases in education; health and rehabilitation; justice; and social assistance activities. These increases were slightly offset by a spending decreases in general government activities.

Business-type activities' total revenues, transfers-in, and permanent fund additions exceeded total expenses by $996.2 million, resulting in an increase in net position. From the prior year to the current year, program revenue from business-type activities decreased by $5,560.8 million (25.0 percent), while expenses also decreased by $5,922.1 million (26.9 percent) due to significant decreases in unemployment insurance activities.

FUND-LEVEL FINANCIAL ANALYSIS

Governmental Funds:

Governmental fund assets exceeded liabilities resulting in total fund balance of $13,459.4 million as compared to the prior fiscal year amount of $12,745.5 million. The fund balance for all governmental funds increased from the prior fiscal year by $713.9 million, which is comprised mainly of increases in Other Governmental Funds of $1,235.1, offset by fund balance decreases for the General Fund, Federal Special Revenue Funds, and the Highways Users Tax funds of $343.4 million, $133.6 million, and $44.1 million, respectively. Overall, the increase in fund balance for all governmental funds in total was primarily attributable to increases in sales and use taxes and federal grants and contracts during Fiscal Year 2022.

General Fund

The ending total fund balance of the General Fund was $4,202.3 million, which was a decrease of $343.4 from the prior year amount of $4,545.7 million. General Fund revenues increased overall by approximately $1,690.9 million (7.4 percent) over the prior year, and expenditures increased overall by $3,760.6 million (18.7 percent) relative to the prior fiscal year. Transfers-in totaled $676.0 million while transfers-out totaled $2,083.0 million, resulting in a net outflow to other funds of $1,407.0 million. Individual and fiduciary income taxes of $7,163.0 million, sales and use taxes of $4,580.3 million, and federal grants and contracts of $10,799.3 million are the largest sources of revenue comprising 91.8 percent of total revenue of $24,564.0 million. Overall expenditures increased from the prior year due to moderate spending increases in education, health and rehabilitation, social assistance, and intergovernmental functions.

General Fund Components & Legal Reserve Requirement

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

Of the overall fund balance of the General Fund, $2,492.4 million (59.3 percent) was attributable to the General Purpose Revenue Fund, including non-spendable, committed, and assigned amounts. The General Purpose Revenue Fund decreased by $469.8 million from the prior fiscal year, which was attributable to decreases in individual income taxes from the accrual of Taxpayer Bill of Rights (TABOR) refunds in Fiscal Year 2022, and increases in overall spending across most government functions in Fiscal Year 2022. The General Purpose Revenue Fund experienced a significant increase in unrestricted cash and pooled cash at the end of Fiscal Year 2022 as compared to Fiscal Year 2021 due to Coronavirus State and Local Fiscal Recovery Funds from the federal government.

State law requires that the General Purpose Revenue Fund portion of the General Fund maintain a reserve of a percentage of General Purpose Revenue Fund appropriations. Section 24-75-201.1 C.R.S. restricts state appropriations from this component of the General Fund so that budgetary resources will be available for use in a state fiscal emergency. The reserve for Fiscal Year 2022 is approximately $1,612.2 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 Annual Comprehensive Financial Report (ACFR). Beginning and ending budgetary fund balance as show on the Schedule are net of the required reserve.

Federal Special Revenue Fund

The Federal Special Revenue Fund was a new major fund for Fiscal Year 2020, and continues to be a major fund in Fiscal Year 2022. The Federal Special Revenue Fund primarily consists of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Fund, and the Coronavirus Emergency Supplemental Fund. The ending total fund balance of the Federal Special Revenue Fund was a deficit of $122.3 million. Fund revenues totaled $472.1 million, and fund expenditures totaled $611.1 million, resulting in a deficit of expenditures over revenues of $139.0 million for Fiscal Year 2022. The main sources of revenue for the fund were federal grants and contracts of $599.6 million (offset by investment losses of $128.7 million); the main expenditures of the fund consist of outflows related to business, community, and consumer affairs of $309.7 million, and intergovernmental cities function of $133.7 million.

Highway Users Tax

The Highway Users Tax Fund qualified as a new major fund for Fiscal Year 2020, and remained a major fund in Fiscal Year 2022. The ending total fund balance of the Highway Users Tax Fund was $708.3 million, which represents an 5.9 percent decrease over the prior year fund balance of $752.4 million. Total cash (restricted and unrestricted) decreased by 8.9 percent from $936.7 million in the prior fiscal year to $853.7 million in Fiscal Year 2022. Fund revenues totaled $1,890.1 million, and expenditures totaled $2,459.6 million, resulting in a deficit of expenditures over revenues of $569.5 million for Fiscal Year 2022. Fund revenues increased 1.8 percent, while fund expenditures also increased 5.0 percent from the prior fiscal year. The main sources of revenue for the fund were federal grants and contracts of $690.6 million, excise taxes of $633.3 million, and licenses, permits, and fines of $429.3 million. The main expenditures of the fund consisted of transportation-related projects and highway maintenance of $1,523.3 million, and intergovernmental expenditures for cities, counties, and special districts totaling approximately $616.1 million in Fiscal Year 2022.

Proprietary Funds:

Higher Education Institutions

The net position of the Higher Education Institutions fund increased from the prior fiscal year by $401.4 million, or 7.5 percent, which generally resulted from decreases in the net pension liability from the prior fiscal year. The higher education fund has a variety of revenue and funding sources, which, overall, were relatively consistent with the prior fiscal year. Overall operating revenues increased by $1,118.3 million mainly due to increases in tuition and fees and sales of goods and services. Overall, total operating revenues increased by 17.6 percent, while total operating expenses increased by 20.1 percent. Higher Education Institutions received capital contributions of $153.8 million and $97.8 million in Fiscal Years 2022 and 2021, respectively. Net Transfers to the Higher Education Institutions fund totaled $524.5 million for Fiscal Year 2022, an increase of $91.5 million compared to the prior fiscal year amount of $432.9 million. 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, 2022, net position was $175.3 million, an increase of $107.4 million from the prior fiscal year amount of $67.9 million. Operating revenues of the fund totaled $4,681.3 million, which mainly consists of federal grants and contracts of $3,551.6 million, and fees charged to healthcare providers of $1,129.6 million. Operating revenues increased 11.7 percent by approximately $489.4 million from the prior year amount of $4,191.9 million. Total operating expenses of the fund totaled $4,550.5 million, which mainly consisted of payments to hospital providers for Medicaid services. Because CHASE is an enterprise for purposes of the Taxpayer's Bill of Rights (TABOR), its revenue does not count against the state fiscal year spending limit (Referendum C cap).

Transportation Enterprise

The Transportation Enterprise met the classification as a major fund for Fiscal Year 2022. The Transportation Enterprise consists of the High Performance Transportation Enterprise and the Statewide Bridge Enterprise at the Colorado Department of Transportation. The ending total fund balance of the Transportation Enterprise was $1,436.5 million, which was an increase of 5.4 percent from the prior year net position of $1,363.5 million. Enterprise revenues totaled $155.4 million; operating expenses totaled $44.9 million; and nonoperating expenses totaled $37.5 million; resulting in an excess of revenues over expenses of roughly $73.0 million for Fiscal Year 2022. The main sources of revenue for the Enterprise were sales of goods and services, and federal grants and contracts; the main expenses of the Enterprise consist of depreciation and amortization of capital assets, and outflows related to salaries and fringe benefits, and operating and travel.

Unemployment Insurance

The Unemployment Enterprise met the classification as a major fund for Fiscal Year 2022, which consists of the Employee Leasing Company Certification, Employee Misclassification Advisory Opinion, Employment and Training Technology, Unemployment Bond Repayment, Unemployment Insurance, and the Unemployment Revenue Funds. The ending total fund balance for Fiscal Year 2022 was a deficit of $617.6 million; the deficit decreased $1,249.1 million from the prior year deficit net position of $1,866.7 million. Fund revenues totaled $1,877.1 million, and expenditures totaled approximately $2,193.4 million, resulting in an excess of expenses over revenues for Fiscal Year 2022. The main sources of revenue for the fund were federal grants and contracts, and insurance premiums; the main expenses of the fund consist of unemployment benefit payments and debt service payments.

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 ACFR. 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 $10.0 million and the reasons for the change.

- Department of Health Care Policy and Financing – the Department had a net decrease of $311.5 million in appropriations under supplemental House Bills 22-1173 and 22-1329, for decreases in medical services premiums for Medicaid eligible individuals.

- Department of Human Services – the Department had a net decrease of $21.7 million in appropriations due to the reallocation of general fund personal services, operating, travel, and special items to supplement various other programs, and legislative rollforwards.

- Department of Revenue – the Department had a net increase of $242.7 million in appropriations primarily comprised of statutory retail marijuana sales tax transfers to the Older Coloradans program, the State Public School Fund, and the Marijuana Tax Cash Fund under Sections 39 and 22 C.R.S., Senate Bill 17-267, and House Bill 20-1367.

- Department of Treasury – the Department had a net increase of $326.1 million in appropriations for transfers applicable to several programs under multiple legislative bills.

Differences Between Final Budget and Actual Expenditures

In total, state departments reported general-funded appropriations reversions of $17.4 million for Merit Pay and $4.7 million for Legislative reversions. In addition, departments reverted $351.6 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 at least $10.0 million of General Fund reversions, and the related budget line item:

- Department of Corrections – the Department reverted $15.8 million in unspent funds, primarily comprised of programs related to payments to local jails, in-state private prisons, and Hepatitis C treatment costs.

- Department of Human Services – the Department reverted $23.4 million in unspent funds, primarily comprised of programs related to aid to the needy and disabled including benefits assistance, child support enforcement, family and children's programs, contract purchases, parole services, and temporary youth mental health services.

- Judicial Department – the Department reverted $12.1 million in unspent funds across multiple programs including court and jury costs, conflict of interest contracts, mandated costs, and court-appointed counsel.

- Department of Public Safety – the Department reverted $13.1 million in unspent funds primarily related to community corrections placements.

- Department of Revenue – the Department reverted $40.0 million in unspent funds primarily related to retail marijuana sales tax distributions, and the old age pension program.

- Department of Health Care Policy and Financing – the Department reverted $47.1 million in unspent funds across multiple programs and budget lines, with the largest consisting of general professional services and special projects, third-party liability cost avoidance contracts, child welfare services, behavioral health capitation payments, and regional centers.

- Department of Treasury – the Department reverted $162.6 million in unspent funds primarily related to the senior citizen and disabled veteran property tax exemption program.

CAPITAL ASSETS AND LONG-TERM DEBT ACTIVITY

The State's net investment in capital assets at June 30, 2022 was $15,052.4 million, as compared to $15,146.3 million in Fiscal Year 2021. Included in this amount were $19,532.8 million of net depreciable capital assets after reduction of $16,099.0 million for accumulated depreciation. Non-depreciable capital assets totaled $6,064.2 million – including land, construction in progress, non-depreciable infrastructure and other capital assets. The State added a net $1,291.7 million and $889.2 million of capital assets in Fiscal Years 2022 and 2021, respectively. Of the Fiscal Year 2022 additions, $360.1 million were recorded in governmental activities, and $931.6 million were recorded in business- type activities. General-purpose revenues funded $227.0 million of capital and controlled maintenance expenditures during Fiscal Year 2022, 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 at June 30, 2022 and 2021 (see Note 5 for additional detail):

(Amounts in Thousands)	Governmental Activities		Business-Type Activities		Total Primary Government	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Capital Assets Not Being Depreciated						
Land and Land Improvements	$ 148,649	$ 147,728	$ 759,367	$ 740,663	$ 908,016	$ 888,391
Collections	11,213	11,213	37,577	34,150	48,790	45,363
Other Capital Assets	6,805	6,659	24,105	23,938	30,910	30,597
Construction in Progress	2,117,733	1,779,298	1,780,368	1,298,034	3,898,101	3,077,332
Infrastructure	1,078,492	1,061,015	99,874	98,564	1,178,366	1,159,579
Total Capital Assets Not Being Depreciated	3,362,892	3,005,913	2,701,291	2,195,349	6,064,183	5,201,262
Capital Assets Being Depreciated						
Buildings and Related Improvements	3,911,054	3,696,321	12,906,529	12,175,197	16,817,583	15,871,518
Software	631,824	599,234	272,420	252,314	904,244	851,548
Vehicles and Equipment	1,068,586	1,074,991	1,449,594	1,390,920	2,518,180	2,465,911
Library Books, Collections, and Other Capital Assets	42,924	42,815	674,474	652,121	717,398	694,936
Infrastructure	13,092,990	12,886,486	1,581,325	1,487,372	14,674,315	14,373,858
Total Capital Assets Being Depreciated	18,747,378	18,299,847	16,884,342	15,957,924	35,631,720	34,257,771
Accumulated Depreciation	(8,685,162)	(8,240,780)	(7,413,802)	(6,913,012)	(16,098,964)	(15,153,792)
Total	$ 13,425,108	$ 13,064,980	$ 12,171,831	$ 11,240,261	$ 25,596,939	$ 24,305,241

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, the Taxpayer's Bill of Rights (TABOR) requires a vote of the people for the creation of any debt unless existing cash reserves are irrevocably pledged to service the debt. TABOR does allow debt issuance to refinance a borrowing at a lower interest rate. These requirements limit management's ability to address revenue shortfalls by borrowing for capital expenditures. However, the State has issued Certificates of Participation (COPs) secured by buildings and vehicles and has issued revenue bonds that are secured by pledges of future revenues. The State has other forms of borrowing that are small in relation to the revenue bonds and COPs.

The schedule that follows shows the principal and interest that will be paid over the following thirty-five year period to retire the current borrowing for notes, bonds and COPs payable (see Note 11). Revenue bonds in this schedule include net payments on interest rate swap derivatives.

Fiscal Year 2022

(Amounts in Thousands)	Leases (GASB 87)		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 262,426	$ 9,471	$ -	$ -	$ 4,351,305	$ 2,090,007	$ 4,613,731	$ 2,099,478
Business-Type Activities	$ 159,124	$ 14,512	$ 4,106,045	$ 1,867,866	$ 97,645	$ 11,718	$ 4,362,814	$ 1,894,096
Total	$ 421,550	$ 23,983	$ 4,106,045	$ 1,867,866	$ 4,448,950	$ 2,101,725	$ 8,976,545	$ 3,993,574

Fiscal Year 2021

(Amounts in Thousands)	Capital Leases		Revenue Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities	$ 117,998	$ 9,797	$ -	$ -	$ 3,899,901	$ 1,720,489	$ 4,017,899	$ 1,730,286
Business-Type Activities	$ 74,224	$ 38,322	$ 4,485,403	$ 2,135,452	$ 114,607	$ 16,495	$ 4,674,234	$ 2,190,269
Total	$ 192,222	$ 48,119	$ 4,485,403	$ 2,135,452	$ 4,014,508	$ 1,736,984	$ 8,692,133	$ 3,920,555

For Fiscal Year 2022, the total principal amount of leases, revenue bonds, and COPs increased by 3.3 percent from the prior year of $8,692.1 million to $8,976.5 million. The Fiscal Year 2022 increase is attributable primarily to the $500.0 million issuance of State of Colorado Rural Colorado Certificates of Participation, Series 2022, and $150.4 million in Building Excellent Schools Today Series 2021S refunding Certificates of Participation.

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:

Colorado Economic Outlook

Colorado's job growth is expected to remain strong in Calendar Year 2022, exceeding Calendar Year 2021 growth. Job growth slows in the out-years but continues to outpace the nation, because the local economy has a higher concentration of service sectors that are expected to fare better over the forecast period. The primary Colorado inflation rate is expected to face additional upward pressure from shelter and service prices relative to the nation as a whole. Real retail sales growth remains positive in 2022 at a pace slightly higher than the U.S., but then similar to the country as a whole, turns negative in 2023 in the face of rising inflation.

Taxpayer's Bill of Rights Revenue, Debt, and Tax-Increase Limits

Fiscal Year 2022 is the twenty-ninth 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. 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 decision to pay TABOR refunds out of the General Fund is notable 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.

After the Referendum C five-year excess revenue retention period that encompassed Fiscal Years 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 revised the TABOR refunding mechanism. 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 2022, State revenues subject to TABOR were $19,741.3 million, which was $3,728.4 million over the ESRC, and $6,811.0 million over the fiscal year spending limit. Revenue in excess of the ESRC must be refunded to the taxpayers in the next fiscal year including any remaining un-refunded revenues. Therefore, the total amount to be refunded in future fiscal years is $3,848.1 million. Absent Referendum C, the State would have been required to refund the amount exceeding the fiscal year spending 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 ACFR.

Public Employees Retirement Association (PERA) Reforms – The State Legislature passed Senate Bill 18-200 during the 2018 legislative session. Senate Bill 18-200 contained a package of reforms designed to reduce the overall risk profile of the PERA retirement plan and improve its funded status. The bill makes several changes to the pension plan including:

- Increasing contribution rates from employers and employees.

- Allocates $225.0 million annually beginning in Fiscal Year 2019 to PERA to reduce the unfunded liability for the State, Judicial, Schools, and Denver Public Schools Divisions Trust Funds. To assist with reductions in spending for Fiscal Year 2021 resulting from the economic impact of COVID-19, the state legislature eliminated the $225.0 million direct distribution for Fiscal Year 2021. The State resumed the direct distribution in Fiscal Year 2022.

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

- Raises the retirement age for new employees; and

- Establishes an automatic adjustment provision designed to keep PERA on a path to full funding in 30 years by 2048.

In order to recompense PERA for the cancellation of a previously scheduled July 1, 2020 direct distribution of $225.0 million, the State Legislature also passed House Bill 22-1029. HB-22-1029 instructs the State treasurer to issue a warrant to PERA in the amount of $380.0 million upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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. 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 $5,202.4 million at June 30, 2022. Due to the COVID-19 pandemic, the State delayed its statewide income tax filing deadline extension to July 2020 (FY 2021), resulting in less overall cash collections in Fiscal Year 2020, and a significant increase in tax collections in Fiscal Years 2021 and 2022. From the prior fiscal year to the current fiscal year, General Purpose Revenue Fund taxes receivable decreased by $184.4 million to $1,651.4 million; tax refunds payable also decreased by $2.0 million to $1,142.7 million; and deferred inflows related to the tax receivables not expected to be collected within the next year increased by $3.4 million to $158.0 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 state departments, agencies, and institutions of higher education have outstanding notes, bonds, and/or 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 $306.6 million for these agreements and debt instruments. The majority of the revenue streams to cover the debt service payments comprise general governmental resources; there is no general obligation associated with these debt instruments; 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 $411.1 million.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
JUNE 30, 2022

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 13,920,593	$ 3,125,906	$ 17,046,499	$ 304,312
Restricted Cash and Pooled Cash	3,067,114	-	3,067,114	55,553
Investments	-	2,861,839	2,861,839	-
Taxes Receivable, net	1,557,088	149,003	1,706,091	-
Contributions Receivable, net	-	-	-	17,290
Other Receivables, net	803,926	1,072,292	1,876,218	88,385
Due From Other Governments	2,309,326	1,004,537	3,313,863	2,931
Internal Balances	59,557	(59,557)	-	-
Due From Component Units	-	22,131	22,131	-
Inventories	249,611	49,356	298,967	-
Prepaids, Advances and Deposits	149,493	41,143	190,636	150
Other Current Assets	-	-	-	5,085
Total Current Assets	22,116,708	8,266,650	30,383,358	473,706
Noncurrent Assets:				
Restricted Cash and Pooled Cash	405,850	217,265	623,115	47,948
Restricted Investments	1,237,772	55,762	1,293,534	10,965
Restricted Receivables	346,150	32,006	378,156	97
Investments	151,960	1,374,316	1,526,276	2,692,357
Contributions Receivable, net	-	-	-	63,804
Other Long-Term Assets	776,847	220,812	997,659	888,617
Depreciable/Amortizable Capital Assets, net	10,313,213	9,635,331	19,948,544	148,852
Land and Nondepreciable Capital Assets	3,362,892	2,701,291	6,064,183	20,811
Total Noncurrent Assets	16,594,684	14,236,783	30,831,467	3,873,451
TOTAL ASSETS	38,711,392	22,503,433	61,214,825	4,347,157
DEFERRED OUTFLOW OF RESOURCES:	2,379,265	871,551	3,250,816	2,150
LIABILITIES:				
Current Liabilities:				
Tax Refunds Payable	1,153,949	-	1,153,949	-
Accounts Payable and Accrued Liabilities	2,031,900	1,018,688	3,050,588	19,885
TABOR Refund Liability (Note 2B)	3,848,101	-	3,848,101	-
Due To Other Governments	487,922	1,497,932	1,985,854	1,979
Due To Component Units	-	330	330	-
Unearned Revenue	3,801,840	455,854	4,257,694	4,639
Accrued Compensated Absences	21,087	38,223	59,310	-
Claims and Judgments Payable	46,036	1,014	47,050	-
Leases Payable	44,761	21,276	66,037	-
Notes, Bonds, and COPs Payable	144,466	158,167	302,633	30,005
Other Postemployment Benefits	-	16,560	16,560	-
Other Current Liabilities	31,332	391,334	422,666	157,834
Total Current Liabilities	11,611,394	3,599,378	15,210,772	214,342
Noncurrent Liabilities:				
Deposits Held In Custody For Others	1,482	25	1,507	556,984
Accrued Compensated Absences	203,695	441,545	645,240	-
Claims and Judgments Payable	126,846	54,933	181,779	-
Leases Payable	217,666	137,846	355,512	-
Derivative Instrument Liability	-	5,041	5,041	-
Notes, Bonds, and COPs Payable	4,609,947	5,753,609	10,363,556	231,985
Due to Component Units	-	1,364	1,364	-
Net Pension Liability	5,828,306	2,582,558	8,410,864	3,325
Other Postemployment Benefits	182,721	1,368,070	1,550,791	186
Other Long-Term Liabilities	235,415	141,674	377,089	65,712
Total Noncurrent Liabilities	11,406,078	10,486,665	21,892,743	858,192
TOTAL LIABILITIES	23,017,472	14,086,043	37,103,515	1,072,534
DEFERRED INFLOW OF RESOURCES:	3,689,509	1,473,096	5,162,605	1,923
NET POSITION:				
Net investment in Capital Assets:	8,901,296	6,151,070	15,052,366	168,109
Restricted for:				
Construction and Highway Maintenance	656,022	-	656,022	-
Education	964,741	738,283	1,703,024	-
Debt Service	144,800	33,648	178,448	-
Emergencies	349,981	-	349,981	-
Permanent Funds and Endowments:				
Expendable	12,954	200,814	213,768	1,330,233
Nonexpendable	1,396,078	88,147	1,484,225	834,728
Other Purposes	1,144,759	34,778	1,179,537	835,701
Unrestricted	813,045	569,105	1,382,150	106,079
TOTAL NET POSITION	$ 14,383,676	$ 7,815,845	$ 22,199,521	$ 3,274,850

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

(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	$ 674,817	$ (21,349)	$ 199,301	$ (455,419)	$ 880
Business, Community, and Consumer Affairs	1,600,709	2,158	270,861	813,586	-
Education	8,125,801	1,997	55,016	1,325,629	-
Health and Rehabilitation	2,228,875	1,367	193,463	1,576,165	-
Justice	2,299,161	4,443	280,504	194,308	143
Natural Resources	161,524	452	276,849	(133,983)	-
Social Assistance	11,807,628	4,782	163,354	7,627,084	60
Transportation	1,939,920	1,585	473,568	93,137	603,007
Interest on Debt	117,938	-	-	-	-
Total Governmental Activities	28,956,373	(4,565)	1,912,916	11,040,507	604,090
Business-Type Activities:					
Higher Education	8,335,669	3,436	5,752,457	2,317,030	153,402
Healthcare Affordability	4,550,548	-	1,129,644	3,544,361	-
Unemployment Insurance	1,607,811	-	743,207	1,135,600	-
Lottery	717,372	327	827,760	(3,617)	-
Parks and Wildlife	224,733	362	237,964	34,717	112
College Assist	171,349	81	2	139,651	-
Other Business-Type Activities	496,210	359	433,557	203,618	-
Total Business-Type Activities	16,103,692	4,565	9,124,591	7,371,360	153,514
Total Primary Government	45,060,065	-	11,037,507	18,411,867	757,604
Total Component Units	$ 334,461	$ -	$ 80,727	$ 69,551	$ 30,189

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

Change in Net Position

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

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (908,706)	$ -	$ (908,706)	
(518,420)	-	(518,420)	
(6,747,153)	-	(6,747,153)	
(460,614)	-	(460,614)	
(1,828,649)	-	(1,828,649)	
(19,110)	-	(19,110)	
(4,021,912)	-	(4,021,912)	
(771,793)	-	(771,793)	
(117,938)	-	(117,938)	
(15,394,295)	-	(15,394,295)	
-	(116,216)	(116,216)	
-	123,457	123,457	
-	270,996	270,996	
-	106,444	106,444	
-	47,698	47,698	
-	(31,777)	(31,777)	
-	140,606	140,606	
-	541,208	541,208	
(15,394,295)	541,208	(14,853,087)	
			(153,994)
4,632,361	-	4,632,361	-
547,853	-	547,853	-
7,157,507	-	7,157,507	-
1,471,691	-	1,471,691	-
924,118	11,556	935,674	-
890,563	-	890,563	-
102,936	-	102,936	-
633,281	-	633,281	-
374	-	374	-
70,997	-	70,997	(15,439)
114,568	-	114,568	-
(443,435)	443,435	-	-
315,002	8	315,010	-
16,417,816	454,999	16,872,815	(15,439)
1,023,521	996,207	2,019,728	(169,433)
13,350,956	5,852,015	19,202,971	3,444,281
8,978	978,053	987,031	-
221	(10,430)	(10,209)	2
13,360,155	6,819,638	20,179,793	3,444,283
$ 14,383,676	$ 7,815,845	$ 22,199,521	$ 3,274,850

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:					
Cash and Pooled Cash	$ 5,651,143	$ 2,877,162	$ 70,734	$ 5,268,663	$ 13,867,702
Taxes Receivable, net	1,651,447	-	2,063	70,245	1,723,755
Other Receivables, net	560,214	17	1,757	221,288	783,276
Due From Other Governments	2,087,165	143,718	-	78,334	2,309,217
Due From Other Funds	83,798	1	21,108	96,731	201,638
Inventories	47,144	-	18,793	181,625	247,562
Prepaids, Advances and Deposits	49,260	14,137	295	62,106	125,798
Restricted Cash and Pooled Cash	1,258,581	-	783,012	1,431,371	3,472,964
Restricted Investments	-	-	-	1,237,772	1,237,772
Restricted Receivables	14,638	-	331,512	-	346,150
Investments	13,858	-	-	138,102	151,960
Other Long-Term Assets	28,618	-	28,203	552,092	608,913
TOTAL ASSETS	$ 11,445,866	$ 3,035,035	$ 1,257,477	$ 9,338,329	$ 25,076,707
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	5,639	5,639
LIABILITIES:					
Tax Refunds Payable	$ 1,142,706	$ -	$ 2	$ 11,241	$ 1,153,949
Accounts Payable and Accrued Liabilities	1,430,608	59,132	302,297	205,408	1,997,445
TABOR Refund Liability (Note 2B)	3,848,101	-	-	-	3,848,101
Due To Other Governments	342,028	-	42,190	103,719	487,937
Due To Other Funds	83,144	2,827	1,660	52,939	140,570
Unearned Revenue	217,468	3,095,342	199,517	287,537	3,799,864
Claims and Judgments Payable	590	-	173	104	867
Other Current Liabilities	17,119	-	42	8,029	25,190
Deposits Held In Custody For Others	90	-	1,174	218	1,482
Other Long-Term Liabilities	58	-	-	-	58
TOTAL LIABILITIES	7,081,912	3,157,301	547,055	669,195	11,455,463
DEFERRED INFLOW OF RESOURCES:	161,679	-	2,106	3,677	167,462
FUND BALANCES:					
Nonspendable:					
Inventories	47,144	-	18,793	181,625	247,562
Permanent Fund Principal	-	-	-	1,374,975	1,374,975
Prepaids	49,094	14,137	295	62,106	125,632
Restricted	735,951	-	630,718	1,332,860	2,699,529
Committed	2,584,838	-	58,510	5,719,530	8,362,878
Assigned	83,302	-	-	-	83,302
Unassigned	701,946	(136,403)	-	-	565,543
TOTAL FUND BALANCES	4,202,275	(122,266)	708,316	8,671,096	13,459,421
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 11,445,866	$ 3,035,035	$ 1,257,477	$ 9,343,968	$ 25,082,346

GOVERNMENTAL FUNDS BALANCE SHEET
RECONCILED TO
STATEMENT OF NET POSITION
JUNE 30, 2022

(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	$ 13,867,702	$ 52,604	$ -	$ -	$ -	$ 287	$ -	$ 13,920,593
Restricted Cash and Pooled Cash	3,067,114	-	-	-	-	-	-	3,067,114
Taxes Receivable, net	1,723,755	-	-	-	-	(166,667)	-	1,557,088
Other Receivables, net	783,276	1,672	-	-	-	17,819	1,159	803,926
Due From Other Governments	2,309,217	109	-	-	-	-	-	2,309,326
Due From Other Funds	201,638	-	-	-	-	-	(201,638)	-
Internal Balances	-	-	-	-	-	-	59,557	59,557
Inventories	247,562	2,049	-	-	-	-	-	249,611
Prepaids, Advances and Deposits	125,798	9,176	-	-	-	14,519	-	149,493
Total Current Assets	22,326,062	65,610	-	-	-	(134,042)	(140,922)	22,116,708
Noncurrent Assets:								
Restricted Cash and Pooled Cash	405,850	-	-	-	-	-	-	405,850
Restricted Investments	1,237,772	-	-	-	-	-	-	1,237,772
Restricted Receivables	346,150	-	-	-	-	-	-	346,150
Investments	151,960	-	-	-	-	-	-	151,960
Other Long-Term Assets	608,913	-	-	-	-	167,934	-	776,847
Depreciable/Amortizable Capital Assets, net	-	122,045	10,191,168	-	-	-	-	10,313,213
Land and Nondepreciable Capital Assets	-	949	3,361,943	-	-	-	-	3,362,892
Total Noncurrent Assets	2,750,645	122,994	13,553,111	-	-	167,934	-	16,594,684
TOTAL ASSETS	25,076,707	188,604	13,553,111	-	-	33,892	(140,922)	38,711,392
DEFERRED OUTFLOW OF RESOURCES:	5,639	36,718	-	2,336,908	-	-	-	2,379,265
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	1,153,949	-	-	-	-	-	-	1,153,949
Accounts Payable and Accrued Liabilities	1,997,445	28,040	-	6,316	-	-	99	2,031,900
TABOR Refund Liability (Note 2B)	3,848,101	-	-	-	-	-	-	3,848,101
Due To Other Governments	487,937	(15)	-	-	-	-	-	487,922
Due To Other Funds	140,570	451	-	-	-	-	(141,021)	-
Unearned Revenue	3,799,864	2,035	-	-	-	(59)	-	3,801,840
Compensated Absences Payable	-	1,252	-	-	-	19,835	-	21,087
Claims and Judgments Payable	867	-	-	-	41,169	4,000	-	46,036
Leases Payable	-	4,200	-	40,561	-	-	-	44,761
Notes, Bonds, and COPs Payable	-	21,535	-	122,931	-	-	-	144,466
Other Current Liabilities	25,190	147	-	-	-	5,995	-	31,332
Total Current Liabilities	11,453,923	57,645	-	169,808	41,169	29,771	(140,922)	11,611,394
Noncurrent Liabilities:								
Deposits Held In Custody For Others	1,482	-	-	-	-	-	-	1,482
Accrued Compensated Absences	-	13,959	-	-	-	189,736	-	203,695
Claims and Judgments Payable	-	-	-	-	93,805	33,041	-	126,846
Leases Payable	-	9,099	-	208,567	-	-	-	217,666
Notes, Bonds, and COPs Payable	-	66,225	-	4,543,722	-	-	-	4,609,947
Net Pension Liability	-	270,479	-	-	-	5,557,827	-	5,828,306
Other Postemployment Benefits	-	10,175	-	-	-	172,546	-	182,721
Other Long-Term Liabilities	58	-	-	-	-	235,357	-	235,415
Total Noncurrent Liabilities	1,540	369,937	-	4,752,289	93,805	6,188,507	-	11,406,078
TOTAL LIABILITIES	11,455,463	427,582	-	4,922,097	134,974	6,218,278	(140,922)	23,017,472
DEFERRED INFLOW OF RESOURCES:	167,462	101,062	-	-	-	3,420,985	-	3,689,509
NET POSITION:								
Net investment in Capital Assets:	-	88,161	13,553,111	(4,739,976)	-	-	-	8,901,296
Restricted for:								
Construction and Highway Maintenance	656,022	-	-	-	-	-	-	656,022
Education	964,741	-	-	-	-	-	-	964,741
Debt Service	144,800	-	-	-	-	-	-	144,800
Emergencies	349,981	-	-	-	-	-	-	349,981
Permanent Funds and Endowments:								
Expendable	12,954	-	-	-	-	-	-	12,954
Nonexpendable	1,396,078	-	-	-	-	-	-	1,396,078
Other Purposes	1,144,759	-	-	-	-	-	-	1,144,759
Unrestricted	8,790,086	(391,483)	-	2,154,787	(134,974)	(9,605,371)	-	813,045
TOTAL NET POSITION	$ 13,459,421	$ (303,322)	$ 13,553,111	$ (2,585,189)	$ (134,974)	$ (9,605,371)	$ -	$ 14,383,676

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, 2022

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 7,162,964	$ -	$ -	$ 894,217	$ 8,057,181
Corporate Income	1,469,315	-	-	99,282	1,568,597
Sales and Use	4,580,294	-	-	54,978	4,635,272
Excise	109,043	-	633,281	437,555	1,179,879
Other Taxes	390,590	-	374	582,594	973,558
Licenses, Permits, and Fines	81,018	-	429,334	450,226	960,578
Charges for Goods and Services	84,144	-	117,860	187,320	389,324
Rents	97	-	3,471	224,917	228,485
Investment Income (Loss)	(438,229)	(128,732)	(27,916)	(414,106)	(1,008,983)
Federal Grants and Contracts	10,799,347	599,639	690,598	498,315	12,587,899
Additions to Permanent Funds	-	-	-	315,002	315,002
Unclaimed Property Receipts	-	-	-	110,370	110,370
Other	325,462	1,235	43,147	64,034	433,878
TOTAL REVENUES	24,564,045	472,142	1,890,149	3,504,704	30,431,040
EXPENDITURES:					
Current:					
General Government	300,716	3,581	63,548	44,474	412,319
Business, Community, and Consumer Affairs	300,259	309,706	-	512,442	1,122,407
Education	1,038,492	932	-	392,393	1,431,817
Health and Rehabilitation	1,719,083	89,484	11,734	208,224	2,028,525
Justice	1,732,566	16,771	145,371	341,999	2,236,707
Natural Resources	45,373	-	-	100,155	145,528
Social Assistance	10,284,048	14,376	-	245,342	10,543,766
Transportation	-	-	1,523,314	5,544	1,528,858
Capital Outlay	395,951	747	58,340	138,136	593,174
Intergovernmental:					
Cities	111,281	133,726	257,957	133,821	636,785
Counties	1,675,705	27,525	248,405	155,735	2,107,370
School Districts	5,875,144	1,133	-	877,887	6,754,164
Special Districts	102,024	10,056	109,700	31,690	253,470
Federal	5	-	9	1,108	1,122
Other	223,461	3,033	1,777	56,030	284,301
Debt Service	120,467	-	39,472	158,219	318,158
TOTAL EXPENDITURES	23,924,575	611,070	2,459,627	3,403,199	30,398,471
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	639,470	(138,928)	(569,478)	101,505	32,569
OTHER FINANCING SOURCES (USES):					
Transfers-In	675,986	423	618,595	1,780,756	3,075,760
Transfers-Out	(2,082,981)	(4,112)	(102,030)	(1,321,072)	(3,510,195)
Face Amount of Bond/COP Issuance	150,415	-	-	500,000	650,415
Bond/COP Premium/Discount	28,120	-	-	126,883	155,003
Issuance of Leases	244,737	-	8,718	34,908	288,363
Sale of Capital Assets	10	-	-	11,169	11,179
Insurance Recoveries	854	-	69	920	1,843
TOTAL OTHER FINANCING SOURCES (USES)	(982,859)	(3,689)	525,352	1,133,564	672,368
NET CHANGE IN FUND BALANCES	(343,389)	(142,617)	(44,126)	1,235,069	704,937
FUND BALANCE, FISCAL YEAR BEGINNING	4,545,664	11,373	752,442	7,436,027	12,745,506
Prior Period Adjustment (See Note 15A)	-	8,978	-	-	8,978
FUND BALANCE, FISCAL YEAR BEGINNING (RESTATED)	4,545,664	20,351	752,442	7,436,027	12,754,484
FUND BALANCE, FISCAL YEAR END	$ 4,202,275	$ (122,266)	$ 708,316	$ 8,671,096	$ 13,459,421

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, 2022

		(A)	(B)	(C)	(D)	
(DOLLARS IN THOUSANDS)	TOTAL GOVERNMENTAL FUNDS	INTERNAL SERVICE FUNDS	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTIONS	OTHER MEASUREMENT FOCUS ADJUSTMENTS	STATEMENT OF ACTIVITIES TOTALS
REVENUES:						
Taxes:						
Individual and Fiduciary Income	$ 8,057,181	$ -	$ -	$ -	$ (5,457)	$ 8,051,724
Corporate Income	1,568,597	-	-	-	2,376	1,570,973
Sales and Use	4,635,272	-	-	-	(2,912)	4,632,360
Excise	1,179,879	-	-	-	1,256	1,181,135
Other Taxes	973,558	-	-	-	(337)	973,221
Licenses, Permits, and Fines	960,578	-	-	-	51	960,629
Charges for Goods and Services	389,324	-	-	-	-	389,324
Rents	228,485	-	-	-	61	228,546
Investment Income (Loss)	(1,008,983)	(2,022)	-	-	(8)	(1,011,013)
Federal Grants and Contracts	12,587,899	-	-	-	-	12,587,899
Additions to Permanent Funds	315,002	-	-	-	-	315,002
Unclaimed Property Receipts	110,370	-	-	-	-	110,370
Other	433,878	(4)	-	-	3	433,877
TOTAL REVENUES	30,431,040	(2,026)	-	-	(4,967)	30,424,047
EXPENDITURES:						
Current:						
General Government	412,319	(3,744)	32,673	-	(24,416)	416,832
Business, Community, and Consumer Affairs	1,122,407	(1,873)	15,544	-	(46,847)	1,089,231
Education	1,431,817	(299)	40,912	-	(16,778)	1,455,652
Health and Rehabilitation	2,028,525	48	16,259	-	(44,736)	2,000,096
Justice	2,236,707	419	70,069	-	(278,141)	2,029,054
Natural Resources	145,528	(223)	1,708	-	(14,231)	132,782
Social Assistance	10,543,766	3,701	31,658	-	(21,512)	10,557,613
Transportation	1,528,858	217	317,155	-	(67,154)	1,779,076
Capital Outlay	593,174	-	(1,155,269)	-	-	(562,095)
Intergovernmental:						
Cities	636,785	-	-	-	-	636,785
Counties	2,107,370	-	-	-	-	2,107,370
School Districts	6,754,164	-	-	-	(102,629)	6,651,535
Special Districts	253,470	-	-	-	(12,620)	240,850
Federal	1,122	-	-	-	-	1,122
Other	284,301	-	-	-	-	284,301
Debt Service	318,158	2,107	-	(152,074)	-	168,191
TOTAL EXPENDITURES	30,398,471	353	(629,291)	(152,074)	(629,064)	28,988,395
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	32,569	(2,379)	629,291	152,074	624,097	1,435,652
OTHER FINANCING SOURCES (USES):						
Transfers-In	3,075,760	4,471	-	-	-	3,080,231
Transfers-Out	(3,510,195)	(7,661)	-	-	-	(3,517,856)
Face Amount of Bond/COP Issuance	650,415	-	-	(650,415)	-	-
Bond/COP Premium/Discount	155,003	-	-	(131,820)	-	23,183
Issuance of Leases	288,363	-	-	(289,151)	-	(788)
Sale of Capital Assets	11,179	-	(10,649)	-	-	530
Insurance Recoveries	1,843	-	-	-	-	1,843
TOTAL OTHER FINANCING SOURCES (USES)	672,368	(3,190)	(10,649)	(1,071,386)	-	(412,857)
Internal Service Fund Charges to BTAs	-	726	-	-	-	726
NET CHANGE FOR THE YEAR	704,937	(4,843)	618,642	(919,312)	624,097	1,023,521
Prior Period Adjustment (See Note 15A)	8,978	-	-	-	-	8,978
Accounting Changes (See Note 15B)	-	-	-	-	221	221
TOTAL CHANGE FOR THE CURRENT YEAR	$ 713,915	$ (4,843)	$ 618,642	$ (919,312)	$ 624,318	$ 1,032,720

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, 2022

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES
	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
ASSETS:							
Current Assets:							
Cash and Pooled Cash	$ 1,658,468	$ 125,174	$ 240,990	$ 220,487	$ 880,787	$ 3,125,906	$ 52,604
Investments	2,861,839	-	-	-	-	2,861,839	-
Premiums/Taxes Receivable, net	-	-	-	148,802	201	149,003	-
Student and Other Receivables, net	689,614	135,772	9,262	170,029	67,608	1,072,285	1,672
Due From Other Governments	181,165	221,063	5,744	401,811	194,754	1,004,537	109
Due From Other Funds	53,772	3,404	-	30	13,586	70,792	-
Due From Component Units	22,000	-	-	-	131	22,131	-
Inventories	40,087	-	-	-	9,269	49,356	2,049
Prepaids, Advances and Deposits	31,778	-	375	-	8,990	41,143	9,176
Total Current Assets	5,538,723	485,413	256,371	941,159	1,175,326	8,396,992	65,610
Noncurrent Assets:							
Restricted Cash and Pooled Cash	112,954	-	32,312	71,954	45	217,265	-
Restricted Investments	55,762	-	-	-	-	55,762	-
Restricted Receivables	-	-	-	-	32,006	32,006	-
Investments	1,374,316	-	-	-	-	1,374,316	-
Other Long-Term Assets	219,248	-	-	-	1,564	220,812	-
Depreciable/Amortizable Capital Assets, net	7,900,053	30,241	1,355,030	34,844	315,163	9,635,331	122,045
Land and Nondepreciable Capital Assets	897,602	2,354	1,334,289	-	467,046	2,701,291	949
Total Noncurrent Assets	10,559,935	32,595	2,721,631	106,798	815,824	14,236,783	122,994
TOTAL ASSETS	16,098,658	518,008	2,978,002	1,047,957	1,991,150	22,633,775	188,604
DEFERRED OUTFLOW OF RESOURCES:	820,377	775	3,334	501	46,564	871,551	36,718
LIABILITIES:							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	505,694	170,133	10,871	29,952	286,385	1,003,035	28,040
Due To Other Governments	-	131,901	-	1,343,818	22,213	1,497,932	(15)
Due To Other Funds	4,030	27,749	149	19,483	58,757	110,168	451
Due To Component Units	330	-	-	-	-	330	-
Unearned Revenue	334,322	-	4,622	44,481	72,429	455,854	2,035
Compensated Absences Payable	36,251	8	-	-	1,964	38,223	1,252
Claims and Judgments Payable	1,014	-	-	-	-	1,014	-
Leases Payable	19,517	106	-	-	1,653	21,276	4,200
Notes, Bonds, and COPs Payable	153,812	-	4,043	-	312	158,167	21,535
Other Postemployment Benefits	16,560	-	-	-	-	16,560	-
Other Current Liabilities	92,516	-	-	220,716	78,102	391,334	147
Total Current Liabilities	1,164,046	329,897	19,685	1,658,450	521,815	3,693,893	57,645
Noncurrent Liabilities:							
Due to Other Funds	-	-	20,950	-	14,877	35,827	-
Deposits Held In Custody For Others	-	-	-	-	25	25	-
Accrued Compensated Absences	425,997	205	102	-	15,241	441,545	13,959
Claims and Judgments Payable	54,933	-	-	-	-	54,933	-
Leases Payable	126,186	1,044	-	-	10,616	137,846	9,099
Derivative Instrument Liability	5,041	-	-	-	-	5,041	-
Notes, Bonds, and COPs Payable	4,492,141	-	1,260,534	-	934	5,753,609	66,225
Due to Component Units	1,364	-	-	-	-	1,364	-
Net Pension Liability	2,278,882	6,019	6,792	3,038	287,827	2,582,558	270,479
Other Postemployment Benefits	1,356,382	246	260	120	11,062	1,368,070	10,175
Other Long-Term Liabilities	32,671	-	108,993	-	10	141,674	-
Total Noncurrent Liabilities	8,773,597	7,514	1,397,631	3,158	340,592	10,522,492	369,937
TOTAL LIABILITIES	9,937,643	337,411	1,417,316	1,661,608	862,407	14,216,385	427,582
DEFERRED INFLOW OF RESOURCES:	1,204,534	6,065	127,514	4,482	130,501	1,473,096	101,062
NET POSITION:							
Net investment in Capital Assets:	4,178,654	31,444	1,184,281	34,844	721,847	6,151,070	88,161
Restricted for:							
Education	738,283	-	-	-	-	738,283	-
Debt Service	17,986	-	15,662	-	-	33,648	-
Permanent Funds and Endowments:							
Expendable	200,814	-	-	-	-	200,814	-
Nonexpendable	88,147	-	-	-	-	88,147	-
Other Purposes	-	-	-	-	34,778	34,778	-
Unrestricted	552,974	143,863	236,563	(652,476)	288,181	569,105	(391,483)
TOTAL NET POSITION	$ 5,776,858	$ 175,307	$ 1,436,506	$ (617,632)	$ 1,044,806	$ 7,815,845	$ (303,322)

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, 2022

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:							
Unemployment Insurance Premiums	$ -	$ -	$ -	$ 741,627	$ -	$ 741,627	$ -
License and Permits	-	-	-	169	184,197	184,366	-
Tuition and Fees	3,267,295	-	-	-	1,320	3,268,615	-
Scholarship Allowance for Tuition and Fees	(767,641)	-	-	-	-	(767,641)	-
Sales of Goods and Services	3,014,940	1,129,598	143,502	-	1,046,854	5,334,894	446,665
Scholarship Allowance for Sales of Goods & Services	(34,252)	-	-	-	-	(34,252)	-
Investment Income (Loss)	(291)	-	-	-	(12,237)	(12,528)	-
Rental Income	7,359	-	-	-	2,296	9,655	16,877
Gifts and Donations	35,821	-	-	-	-	35,821	-
Federal Grants and Contracts	1,477,719	3,551,625	11,882	1,134,913	406,464	6,582,603	-
Intergovernmental Revenue	7,831	-	-	-	38,384	46,215	-
Other	478,596	46	-	413	10,226	489,281	129
TOTAL OPERATING REVENUES	7,487,377	4,681,269	155,384	1,877,122	1,677,504	15,878,656	463,671
OPERATING EXPENSES:							
Salaries and Fringe Benefits	5,416,728	34,714	9,172	(470)	177,263	5,637,407	244,182
Operating and Travel	1,949,355	4,487,467	8,919	2,190,561	635,645	9,271,947	185,668
Cost of Goods Sold	131,454	-	-	-	52,487	183,941	-
Depreciation and Amortization	528,520	5,119	26,800	3,313	25,915	589,667	35,551
Intergovernmental Distributions	33,085	23,241	-	-	19,122	75,448	344
Debt Service	-	-	-	-	7,810	7,810	-
Prizes and Awards	438	-	-	-	541,043	541,481	2
TOTAL OPERATING EXPENSES	8,059,580	4,550,541	44,891	2,193,404	1,459,285	16,307,701	465,747
OPERATING INCOME (LOSS)	(572,203)	130,728	110,493	(316,282)	218,219	(429,045)	(2,076)
NONOPERATING REVENUES AND (EXPENSES):							
Taxes	-	-	-	-	51,281	51,281	-
Fines and Settlements	16	-	1,568	999	508	3,091	2
Investment Income (Loss)	(499,025)	(7,264)	(11,549)	687	(19,130)	(536,281)	(2,022)
Rental Income	53,693	-	-	-	20,054	73,747	-
Gifts and Donations	341,386	-	-	-	2,847	344,233	-
Intergovernmental Distributions	(36,141)	-	-	-	(73,118)	(109,259)	-
Federal Grants and Contracts	645,007	-	5,174	-	-	650,181	-
Gain/(Loss) on Sale or Impairment of Capital Assets	(12,565)	-	992	4,515	277	(6,781)	3,923
Insurance Recoveries from Prior Year Impairments	5	-	-	-	112	117	-
Debt Service	(184,029)	(6)	(33,532)	581,078	(472)	363,039	(2,229)
Other Expenses	(43,604)	-	(115)	-	-	(43,719)	-
Other Revenues	40,039	-	-	-	1,562	41,601	-
TOTAL NONOPERATING REVENUES (EXPENSES)	304,782	(7,270)	(37,462)	587,279	(16,079)	831,250	(326)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(267,421)	123,458	73,031	270,997	202,140	402,205	(2,402)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:							
Capital Contributions	153,815	-	-	-	1,999	155,814	749
Additions to Permanent Endowments	1,001	-	-	-	8	1,009	-
Transfers-In	535,512	-	-	-	45,204	580,716	4,471
Transfers-Out	(11,050)	(16,060)	-	-	(116,427)	(143,537)	(7,661)
TOTAL CONTRIBUTIONS AND TRANSFERS	679,278	(16,060)	-	-	(69,216)	594,002	(2,441)
CHANGE IN NET POSITION	411,857	107,398	73,031	270,997	132,924	996,207	(4,843)
NET POSITION - FISCAL YEAR BEGINNING	5,375,431	67,909	1,363,475	(1,866,682)	911,882	5,852,015	(298,479)
Prior Period Adjustments (See Note 15A)	-	-	-	978,053	-	978,053	-
Accounting Changes (See Note 15B)	(10,430)	-	-	-	-	(10,430)	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	5,365,001	67,909	1,363,475	(888,629)	911,882	6,819,638	(298,479)
NET POSITION - FISCAL YEAR ENDING	$ 5,776,858	$ 175,307	$ 1,436,506	$ (617,632)	$ 1,044,806	$ 7,815,845	$ (303,322)

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, 2022

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 2,548,525	$ -	$ -
Fees for Service	2,837,476	1,093,772	141,181
Receipts for Interfund Services	-	-	1,468
Sales of Products	16,282	-	-
Gifts, Grants, and Contracts	1,859,023	3,520,187	16,140
Loan and Note Repayments	356,492	-	-
Unemployment Insurance Premiums	-	-	-
Income from Property	61,052	-	-
Other Sources	188,644	4,802	13,498
Cash Payments to or for:			
Employees	(5,731,176)	(37,308)	(9,297)
Suppliers	(1,599,832)	(4,470,831)	(15,003)
Payments for Interfund Services	-	-	(451)
Sales Commissions and Lottery Prizes	-	-	-
Unemployment Benefits	-	-	-
Scholarships	(301,279)	-	-
Others for Student Loans and Loan Losses	(346,584)	-	-
Other Governments	(33,085)	-	-
Other	(117,270)	(7,680)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	(261,732)	102,942	147,536
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	448,503	-	-
Transfers-Out	(11,050)	(16,060)	-
Receipt of Deposits Held in Custody	345,185	-	-
Release of Deposits Held in Custody	(342,064)	-	-
Gifts and Grants for Other Than Capital Purposes	981,388	-	-
Intergovernmental Distributions	(36,141)	-	-
Unclaimed Property Fund Interest	-	-	-
NonCapital Debt Proceeds	31,657	-	14,440
NonCapital Debt Service Payments	-	-	(14,440)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	1,417,478	(16,060)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(597,701)	(13,620)	(173,997)
Capital Contributions	181,564	-	-
Capital Gifts, Grants, and Contracts	22,104	-	-
Proceeds from Sale of Capital Assets	21,480	7,480	2,567
Capital Debt Proceeds	80,815	-	-
Capital Debt Service Payments	(282,659)	-	(41,435)
Lease Payments	(30,794)	(6)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(605,191)	(6,146)	(212,865)

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

			GOVERNMENTAL ACTIVITIES
UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ 1,226	$ 2,549,751	$ -
-	309,889	4,382,318	4,146
-	15,053	16,521	444,103
63	878,114	894,459	1,325
2,644,421	393,370	8,433,141	80
-	-	356,492	-
743,207	-	743,207	-
-	22,339	83,391	16,877
-	137,994	344,938	930
(4,800)	(218,185)	(6,000,766)	(277,174)
(2,012,094)	(156,094)	(8,253,854)	(126,451)
(98,492)	(10,729)	(109,672)	(70,653)
-	(593,457)	(593,457)	(1)
(1,041,715)	-	(1,041,715)	-
-	-	(301,279)	-
-	-	(346,584)	-
(233,387)	(19,092)	(285,564)	(360)
(591,851)	(451,670)	(1,168,471)	(195)
(594,648)	308,758	(297,144)	(7,373)
-	47,203	495,706	4,649
-	(116,427)	(143,537)	(7,661)
-	1,247	346,432	1,257
-	(1,249)	(343,313)	(1,492)
-	2,847	984,235	-
-	(69,402)	(105,543)	-
-	1,542	1,542	-
-	73	46,170	-
-	(73)	(14,513)	(1)
-	(134,239)	1,267,179	(3,248)
(119,162)	(114,122)	(1,018,602)	(61,190)
-	-	181,564	-
-	-	22,104	-
119,162	52,947	203,636	30,359
581,078	-	661,893	-
-	(789)	(324,883)	46
-	(2,787)	(33,587)	(2,284)
581,078	(64,751)	(307,875)	(33,069)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	96,282	1,621	3,162
Proceeds from Sale/Maturity of Investments	13,022,026	-	5,360
Purchases of Investments	(12,574,560)	-	(5,353)
Increase(Decrease) from Unrealized Gain(Loss) on Investments	(840,021)	(8,885)	(14,718)
NET CASH FROM INVESTING ACTIVITIES	(296,273)	(7,264)	(11,549)
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	254,282	73,472	(76,878)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,517,140	51,702	350,180
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,771,422	$ 125,174	$ 273,302
RECONCILIATION OF OPERATING INCOME TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (572,203)	$ 130,728	$ 110,493
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Provided by Operating Activities:			
Depreciation	528,520	5,119	26,800
Investment/Rental Income and Other Revenue in Operating Income	-	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	61,082	-	6,742
(Gain)/Loss on Disposal of Capital and Other Assets	125	-	-
Compensated Absences Expense	15,023	(3)	10
Interest and Other Expense in Operating Income	14,390	-	(9,383)
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred			
Inflows Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	4,426	(80,301)	(1,770)
(Increase) Decrease in Inventories	(2,432)	-	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(100,532)	-	(35)
(Increase) Decrease in Pension Deferred Outflow	169,080	1,555	(675)
(Increase) Decrease in OPEB Deferred Outflow	(209,227)	112	(40)
Increase (Decrease) in Accounts Payable	50,422	9,715	(5,386)
Increase (Decrease) in Pension Liability	(686,201)	(7,039)	(114)
Increase (Decrease) in OPEB Liability	328,539	(189)	22
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	65,196	39,998	20,207
Increase (Decrease) in Pension Deferred Inflow	115,043	3,119	703
Increase (Decrease) in OPEB Deferred Inflow	(42,983)	128	(38)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (261,732)	$ 102,942	$ 147,536
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	24,870	-	-
Capital Assets Acquired by Grants or Donations and Payable Increases	93,820	-	2,195
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	(852,352)	-	(1,611)
Loss on Disposal of Capital and Other Assets	(972)	-	-
Disposal of Capital Assets	(1,139)	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	(9,439)	1	-
Assumption of Lease Obligation or Mortgage	11,379	-	-
Financed Debt Issuance Costs	615	-	-
Gain on Debt Defeasance	4,017	-	-
Bad Debt Expense	4,648	-	-
Fair Value Change in Derivative Instrument	5,754	-	-
State Support for PERA Pensions	22,405	-	-
Noncapital Gifts	12,579	-	-
Additions to Investments held by Foundation	(816)	-	-
Federal Receivables (BABS & CARES)	(2,506)	-	-
2019A bond premium	-	-	885
Payment of debt fees	-	-	(115)
Transfer of managed lanes	-	-	992
Change in Leased Asset Liability (GASB 87)	1,614	-	-
Change in Leased Assets Deferred Inflows (GASB 87)	4,489	-	-
Change in Pension/OPEB Deferred Inflows	295	-	-
Change in Pension/OPEB Deferred Outflows	5,349	-	-
Change in Pension/OPEB Liability	28,173	-	-
Depreciation	18,476	-	-
Proceeds from refunding bonds deposited with escrow agent	499,640	-	-
Lease-financed aquisitions	7,816	-	-
Other	2	-	-

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

			GOVERNMENTAL ACTIVITIES
UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
714	9,412	111,191	151
-	-	13,027,386	-
-	-	(12,579,913)	-
(28)	(30,410)	(894,062)	(2,173)
686	(20,998)	(335,398)	(2,022)
(12,884)	88,770	326,762	(45,712)
305,325	792,062	3,016,409	98,316
$ 292,441	$ 880,832	$ 3,343,171	$ 52,604
$ (316,282)	218,219	$ (429,045)	$ (2,076)
3,313	25,915	589,667	35,551
-	3,291	3,291	2,389
999	72,218	141,041	82
-	-	125	-
-	(187)	14,843	(455)
-	19,383	24,390	275
1,361,899	(28,090)	1,256,164	548
-	3,481	1,049	(840)
-	(785)	(101,352)	(1,932)
320	25,362	195,642	14,164
(8)	(247)	(209,410)	(225)
(1,088)	10,682	64,345	(8,176)
(4,027)	(90,140)	(787,521)	(67,568)
(125)	(1,719)	326,528	(955)
(1,639,400)	26,199	(1,487,800)	197
(280)	24,631	143,216	21,661
31	545	(42,317)	(13)
$ (594,648)	$ 308,758	$ (297,144)	$ (7,373)
-	1,999	26,869	571
-	-	96,015	-
-	-	(853,963)	-
4,515	27	3,570	3,843
-	-	(1,139)	-
-	(8)	(9,446)	69
-	-	11,379	865
-	-	615	-
-	-	4,017	-
-	-	4,648	-
-	-	5,754	-
-	-	22,405	-
-	-	12,579	-
-	-	(816)	-
-	-	(2,506)	-
-	-	885	-
-	-	(115)	-
-	-	992	-
-	-	1,614	-
-	-	4,489	-
-	-	295	-
-	-	5,349	-
-	-	28,173	-
-	-	18,476	-
-	-	499,640	-
-	-	7,816	-
-	-	2	-

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE-PURPOSE TRUST	CUSTODIAL	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 88,761	$ 354,144	$ 525,257	$ 968,162
Investments:				
Government Securities	3,120	21,257	-	24,377
Corporate Bonds	9,891	6,490	-	16,381
Municipal Bonds	1,539	-	-	1,539
Private Equities	7,732	-	-	7,732
Asset Backed Securities	620	-	-	620
Mortgages	6,311	-	-	6,311
Mutual Funds	65,854	9,439,906	-	9,505,760
Other Investments	56,191	642,786	-	698,977
Taxes Receivable, net	-	-	252,506	252,506
Other Receivables, net	39,568	11,383	2,052	53,003
Due From Other Governments	-	-	67	67
Due From Other Funds	1,326	10,516	4,497	16,339
Prepaids, Advances and Deposits	158	-	15	173
Other Long-Term Assets	-	-	68,101	68,101
TOTAL ASSETS	281,071	10,486,482	852,495	11,620,048
LIABILITIES:				
Tax Refunds Payable	-	-	1,854	1,854
Accounts Payable and Accrued Liabilities	16,676	14,831	1,148	32,655
Due To Other Governments	-	-	309	309
Due To Other Funds	14	592	1,147	1,753
Unearned Revenue	-	17,445	153	17,598
Claims and Judgments Payable	25,034	-	-	25,034
Other Current Liabilities	38,671	-	677	39,348
Accrued Compensated Absences	52	-	-	52
Other Long-Term Liabilities	-	10,742	1,253	11,995
TOTAL LIABILITIES	80,447	43,610	6,541	130,598
NET POSITION:				
Restricted for:				
OPEB	143,952	-	-	143,952
Held in Trust for:				
Pension/Benefit Plan Participants	56,672	-	-	56,672
Individuals, Organizations, and Other Entities	-	10,442,872	845,954	11,288,826
TOTAL NET POSITION	$ 200,624	$ 10,442,872	$ 845,954	$ 11,489,450

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, 2022

(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE-PURPOSE TRUST	CUSTODIAL	TOTAL
ADDITIONS:				
Member Contributions	$ 78,372	$ -	$ -	$ 78,372
Employer Contributions	415,958	-	-	415,958
Investment Income/(Loss)	(9,714)	(1,356,395)	(15,806)	(1,381,915)
Gifts and Bequests	-	769	1	770
Unclaimed Property Receipts	-	1,358,822	-	1,358,822
Court Awards and Restitution Receipts	-	-	162,715	162,715
Collections of Sales Tax for Other Governments	-	-	2,985,754	2,985,754
Other Additions	384,580	5,075	77,064	466,719
Transfers-In	1,146	-	-	1,146
TOTAL ADDITIONS	870,342	8,271	3,209,728	4,088,341
DEDUCTIONS:				
Distributions to Participants	3,363	1,154,833	-	1,158,196
Health Insurance Premiums Paid	309,061	-	-	309,061
Health Insurance Claims Paid	156,310	-	-	156,310
Other Benefits Plan Expense	29,373	-	-	29,373
Payments of Sales Tax to Other Governments	-	-	2,856,636	2,856,636
Distributions - Intergovernmental Entities	-	689	-	689
Administrative Expense	15,902	351	6,685	22,938
Other Deductions	353,826	48,555	242,455	644,836
Transfers-Out	248	30	422	700
TOTAL DEDUCTIONS	868,083	1,204,458	3,106,198	5,178,739
CHANGE IN NET POSITION	2,259	(1,196,187)	103,530	(1,090,398)
NET POSITION - FISCAL YEAR BEGINNING	198,365	11,639,059	742,424	12,579,848
NET POSITION - FISCAL YEAR ENDING	$ 200,624	$ 10,442,872	$ 845,954	$ 11,489,450

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

STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2022

(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	$ 249,072	$ 48,617	$ 6,623	$ 304,312
Restricted Cash and Pooled Cash	49,465	-	6,088	55,553
Contributions Receivable, net	-	17,290	-	17,290
Other Receivables, net	80,000	-	8,385	88,385
Due From Other Governments	2,931	-	-	2,931
Prepaids, Advances and Deposits	-	-	150	150
Other Current Assets	58	373	4,654	5,085
Total Current Assets	381,526	66,280	25,900	473,706
Noncurrent Assets:				
Restricted Cash and Pooled Cash	47,948	-	-	47,948
Restricted Investments	10,965	-	-	10,965
Restricted Receivables	97	-	-	97
Investments	-	2,692,357	-	2,692,357
Contributions Receivable, net	-	63,804	-	63,804
Other Long-Term Assets	888,304	-	313	888,617
Depreciable/Amortizable Capital Assets, net	1,521	1,178	146,153	148,852
Land and Nondepreciable Capital Assets	-	-	20,811	20,811
Total Noncurrent Assets	948,835	2,757,339	167,277	3,873,451
TOTAL ASSETS	1,330,361	2,823,619	193,177	4,347,157
DEFERRED OUTFLOW OF RESOURCES:	1,926	-	224	2,150
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	9,362	7,381	3,142	19,885
Due To Other Governments	1,979	-	-	1,979
Unearned Revenue	-	-	4,639	4,639
Notes, Bonds, and COPs Payable	30,005	-	-	30,005
Other Current Liabilities	134,058	23,675	101	157,834
Total Current Liabilities	175,404	31,056	7,882	214,342
Noncurrent Liabilities:				
Deposits Held In Custody For Others	-	556,984	-	556,984
Notes, Bonds, and COPs Payable	231,985		-	231,985
Net Pension Liability	3,325	-	-	3,325
Other Postemployment Benefits	118	-	68	186
Other Long-Term Liabilities	47,307	18,312	93	65,712
Total Noncurrent Liabilities	282,735	575,296	161	858,192
TOTAL LIABILITIES	458,139	606,352	8,043	1,072,534
DEFERRED INFLOW OF RESOURCES:	1,053	-	870	1,923
NET POSITION:				
Net investment in Capital Assets:	(158)	1,178	167,089	168,109
Restricted for:				
Permanent Funds and Endowments:				
Expendable	-	1,330,233	-	1,330,233
Nonexpendable	-	834,728	-	834,728
Other Purposes	834,313	-	1,388	835,701
Unrestricted	38,940	51,128	16,011	106,079
TOTAL NET POSITION	$ 873,095	$ 2,217,267	$ 184,488	$ 3,274,850

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

STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO FOUNDATION	OTHER COMPONENT UNITS	TOTAL
EXPENSES	$ 27,842	$ 254,064	$ 52,555	$ 334,461
PROGRAM REVENUES:				
Charges for Services	20,226	6,315	54,186	80,727
Operating Grants and Contributions	6,446	63,105	-	69,551
Capital Grants and Contributions	28,322	-	1,867	30,189
TOTAL PROGRAM REVENUES:	54,994	69,420	56,053	180,467
NET (EXPENSE) REVENUE	27,152	(184,644)	3,498	(153,994)
GENERAL REVENUES:				
Unrestricted Investment Earnings (Losses)	7,747	(23,200)	14	(15,439)
Other General Revenues	-	-	-	-
TOTAL GENERAL REVENUES	7,747	(23,200)	14	(15,439)
CHANGE IN NET POSITION	34,899	(207,844)	3,512	(169,433)
NET POSITION - FISCAL YEAR BEGINNING	838,196	2,425,111	180,974	3,444,281
Prior Period Adjustment (See Note 15A)	-	-	-	-
Accounting Changes (See Note 15B)	-	-	2	2
NET POSITION - FISCAL YEAR BEGINNING (Restated)	838,196	2,425,111	180,976	3,444,283
NET POSITION - FISCAL YEAR ENDING	$ 873,095	$ 2,217,267	$ 184,488	$ 3,274,850

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 2022:

GASB Statement No. 87 – Leases. In 2022, the State implemented GASB Statement No. 87. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows and resources or outflows of resources based on the payment provisions of the contract.

GASB Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period. In 2022, the State implemented GASB Statement No. 89. This Statement seeks to enhance the relevance and comparability of information about capital assets and the costs of borrowing for a reporting period and to simplify accounting for interest costs incurred before the end of a construction period.

GASB Statement No. 92 – Omnibus 2020. In 2022, the State implemented GASB Statement No. 92. This Statement is to help enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93 – Replacement of Interbank Offered Rates. In 2022, the State implemented GASB Statement No. 93. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR). The London Interbank Offered Rate (LIBOR) is the most often used. As a result of global reference rate reform, LIBOR is expected to no longer exist after December 31, 2021. This will cause governments to amend or replace financial instruments to replace LIBOR with other reference rates by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, Leases, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. GASB 93 addresses these and other accounting and financial reporting implications that result from the replacement of an IBOR, such as LIBOR. GASB 93 establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for certain hedging derivative instruments.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. In 2022, the State implemented GASB Statement No. 97. The primary objectives of this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

GASB Statement No. 98 – The Annual Comprehensive Financial Report. In 2022, the State implemented GASB Statement No. 98. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

B. FINANCIAL REPORTING ENTITY

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

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

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

Blended Component Units:

Some legally separate component units are so intertwined with the State that they are reported as part of the State's fund and government-wide financial statements and are considered blended component units.

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

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

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

- 18^{th} Avenue, LLC
- Altitude West, LLC
- Colorado School of Mines Building Corporation
- Mines Applied Technology Transfer, Inc.
- University License Equity Holdings, Inc.

Discretely Presented Component Units:

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair, and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development, and utilization of the water resources of the State. The Governor appoints the Board of Directors, subject to approval by the Senate. In addition, water projects are subject to General Assembly authorization giving the state the ability to impose its will.

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

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

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

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

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

Fiduciary Component Units:

Under GASB Statement No. 84, Fiduciary Activities, component units that are engaged in fiduciary activities are presented in the fiduciary fund financial statements.

The University of Colorado Health and Welfare Trust is a fiduciary component unit of the State and is intended to be a voluntary employees' beneficiary association under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended. It was established to administer and manage certain health and welfare benefits for participating employees and retirees of member employers. Member employers of the Trust are the University of Colorado and University Physicians Inc., d/b/a CU Medicine. The Trust's Board is controlled by the University of Colorado which gives the State the ability to impose its will.

The State Board for Community Colleges and Occupational Education (SBCCOE) Employee Benefit Trust Fund was created as a not-for-profit 501(c)(9) entity in 1983 and is a fiduciary component unit of the State. It was established to provide benefits to SBCCOE employees that may include life, accidental death and dismemberment, short-term and/or long-term disability, basic or major medical, dental, other sick or accident benefits, or other benefits, as determined by the Benefit Trust Committee. The SBCCOE appoints the Trust's Board members, manages the benefit plans, and is administratively intertwined with the Trust, which gives the State the ability to impose its will.

Contact:

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

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

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

The fund-level statements provide additional detail about the primary government and its component units. The information is presented in four types – governmental funds, proprietary funds, fiduciary funds, and component units.

With the exception of the fiduciary fund type, each type is presented with a major fund focus. The State's major funds report the following activities:

GOVERNMENTAL FUND TYPE (MAJOR):

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 the Emergency Reserve Fund as well as Special Purpose Funds, which include the State Public School, Risk Management, and Other Special Purpose Funds. Resources obtained from federal grants that support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. As a result of comingled current and cumulative general-purpose and special-purpose revenue in the General Fund, combining schedules detailing the components of the General Fund are included as supplementary information. The schedules segregate activities funded with general-purpose revenue in order to demonstrate compliance with the legal definition of the General Fund, which is referred to as the General Purpose Revenue Fund.

Federal Special Revenue Fund

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

Highway Users Tax Fund

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

PROPRIETARY FUND TYPE (MAJOR):

Higher Education Institutions

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

Healthcare Affordability

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

Transportation Enterprise

This fund consists of the Bridge Enterprise and the High Performance Transportation Enterprise in the Department of Transportation. The bridge and highway construction activity is financed through bond issuances and user fees.

Unemployment Insurance

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

Internal Service Funds

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

FIDUCIARY FUND TYPE:

Fiduciary Funds are used to report assets held in a trustee or custodial capacity for others. Therefore, the resources reported in Fiduciary Funds cannot be used to support the government's own programs and are excluded in the government-wide financial statements. The types of Fiduciary Funds maintained by the State consist of the following:

Pension and Other Employee Benefit Trust Funds

Pension and other employee benefit trust funds are used to account for the activities of the retirement system, which accumulates resources for pension benefit payments to qualified public employees. In the basic financial statements, the State reports in a single column the activities related to resources being held in trust for (1) members and beneficiaries of the Group Benefits Plan, which provides health, life, dental, and short-term disability benefits to state employees, and (2) the Colorado State University Other Post-Employment Benefit Trust Funds.

Private Purpose Trust Funds

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

Custodial Funds

Custodial funds are used to report resources held in a purely custodial capacity for other individuals, private organizations, or other governments. Custodial funds primarily include local sales tax collections, trustee investments related to State capital projects, and investments of the Colorado Water Resource and Power Development Authority.

Typically the time between receipt and disbursement of these resources is short and investment earnings are inconsequential.

PRESENTATION OF INTERNAL BALANCES

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

FUNCTIONAL PRESENTATION OF EXPENDITURES

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

General Government

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

Business, Community, and Consumer Affairs

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

Education

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

Health and Rehabilitation

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

Justice

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

Natural Resources

Department of Natural Resources.

Social Assistance

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

Transportation

Department of Transportation.

E. BASIS OF ACCOUNTING

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND-LEVEL FINANCIAL STATEMENTS

Governmental Funds

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

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

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

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

Expenditures are recognized in governmental funds when:

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

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

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

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

Proprietary and Fiduciary Funds

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

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

CASH AND POOLED CASH

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

RECEIVABLES

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

INVENTORIES AND PREPAIDS

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

INVESTMENTS

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

CAPITAL ASSETS

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

The following table lists the range of capitalization thresholds established by the State, as well as lower thresholds adopted by some State agencies. State agencies are allowed to capitalize assets below established thresholds. The University of Colorado adopted a $75,000 threshold for land and leasehold improvements, buildings, intangibles, and infrastructure. All land and library materials/collections are capitalized regardless of cost.

Asset Class	Lower Threshold	Established State Thresholds
Land Improvements	$ 5,000	$ 50,000
Buildings	5,000	50,000
Leasehold Improvements	5,000	50,000
Intangible Assets	5,000	50,000
Vehicles and Equipment	NA	5,000
Software (purchased)	NA	5,000
Software (internally developed)	NA	50,000
Works of Art/Historical Treasure	NA	5,000
Other	5,000	NA
Infrastructure	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 100 years
Buildings	3 to 100 years
Leasehold Improvements	1 to 50 years
Vehicles and Equipment	1 to 50 years
Software	2 to 20 years
Library Books & Collections	3 to 20 years
Other Capital Assets	2 to 50 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.

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 2020 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 2019 and costs from the Fiscal Year 2021 (SB20-1360 and other special or supplemental bills) Appropriations bill that were incorporated in State agency budgets for Fiscal Year 2022.

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, 2022, were $704.9 million as described in the following paragraphs.

Approved Medicaid Overexpenditures:

- <u>Medical Services Premiums</u> – The Department of Health Care Policy & Financing overspent this line item by $13.4 million general funds. The overexpenditure was driven by lower-than-anticipated revenue in the Healthcare Affordability and Sustainability Fee cash fund.

- <u>Behavioral Health Fee-for-Service Payments</u> – The Department of Health Care Policy & Financing overspent this line item by $0.2 million cash funds and $0.01 million general funds. The overexpenditure in the Healthcare Affordability and Sustainability (HAS) Fee cash fund and general funds occurred because of higher than anticipated utilization of Medicaid members funded by these sources. The Department also incorrectly calculated the federal match for these services in the request for funding. As a result, state funds are over-expended and federal funds are under-expended. Additionally, MAGI Parents (Modified Adjusted Gross Income) and Caretakers and MAGI Adults had a higher share of the Fee-For-Service (FFS) expenditure than expected based on forecasted caseload, which are funded through the HAS Fee. The FFS expenditure is historically volatile by nature of the program making it harder to forecast.

Behavioral Health Capitation Payments – The Department of Health Care Policy & Financing overspent this line item by $3.8 million cash funds. The Department overexpended cash funds due to higher-than-anticipated percentage of expenditure claimed at the lower/standard Federal Medical Assistance Percentage (FMAP) rate, rather than the higher ACA FMAP rate for members funded through the HAS Fee.

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

- None at June 30, 2022.

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

- Fleet Management Program and Motor Pool Services, Fuel and Automotive Supplies – The Department of Personnel overspent this line by $0.8 million reappropriated funds. This is due to instability in the world markets created an environment that produced the highest fuel prices in history. Additionally the aging fleet due to a lack of replacements in the past two fiscal years has driven maintenance cost up 28% year over year.

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

- None at June 30, 2022.

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

- Highway Fund – The Department of Transportation had a deficit in this fund of $0.3 million. This fund is for the CDOT Sign Shop. The Sign Shop relies on revenue from sales of finished traffic signs. The negative fund balance is due to lagging sales post COVID-19 pandemic and increased inflation on materials and goods. The Sign Shop has started implementing new programmatic changes and a new fee structure in fiscal year 2023, which is forecasted to correct this negative fund balance.

- Unemployment Insurance Fund – The Department of Labor and Employment had a deficit in this fund of $681.4 million. Due to the recession caused by the COVID-19 pandemic, estimated unemployment insurance benefits payable exceeded available and estimated resources at the end of fiscal year 2022. The Department has options available to address the deficit including, but not limited to, assessing unemployment insurance premium surcharges.

- Disaster Emergency Fund – The Department of Public Health and Environment had a deficit in this fund of $2.3 million. The COVID-19 expenditures in this fund are generally reimbursable from Federal Emergency Management Agency (FEMA) or statewide Disaster Emergency Fund. Due to a methodology change in the division since the COVID pandemic, the department is uncertain all the expenditures are qualified for FEMA reimbursement. The deficit fund balance is due to the timing of FEMA reimbursement and department reconciliation of qualified reimbursable expenditures.

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 2023 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, 2022:

- Colorado Autism Treatment Fund - $0.1 million

- Health Care Expansion Fund - $1.7 million
- Adult Dental Fund - $0.9 million

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

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

In the 2005 general election, voters approved Referendum C, a statutory measure referred to the ballot by the Legislature that authorized the State to retain revenues in excess of the limit for the five fiscal years from 2006 through 2010. With the end of the Referendum C five-year excess revenue retention period, the State is subject to an Excess State Revenue Cap (ESRC), which began in Fiscal Year 2011. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds. The beginning base for the ESRC was the highest adjusted TABOR revenue during the five-year period, which occurred in Fiscal Year 2008.

In Fiscal Year 2022, revenue subject to TABOR was $19,741.3 million, which was above the $16,012.9 million ESRC by $3,728.4 million, and by $6,811.0 million over the original TABOR limit. Therefore, there is a refund payable from Fiscal Year 2022 revenue of $3,728.4 million. During the year, the State reimbursed $405.8 million of excess revenue from Fiscal Years 2015, 2019 and 2021. The State's liability for TABOR refunds was $3,848.1 million at June 30, 2022, which includes the Fiscal Year 2022 revenue above the ESRC and prior-year revenue adjustments that lowered the amount refundable by $22.4 million. Since the inception of Referendum C in Fiscal Year 2006, the State has retained $30,539.7 million (unadjusted for prior year errors) – $3,593.6 million during the initial five-year revenue retention period, and an additional $26,946.1 million as a result of the higher ESRC limit in Fiscal Year 2011 through Fiscal Year 2022.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. The estimated reserve for Fiscal Year 2022 was based on the revenue projection prepared in the spring of 2021 by the Legislative Council. In SB 21-227, the funds designated below and the maximum balances from each, constitute the reserve.

At June 30, 2022, the financial net positions, or fund balances of the following funds were restricted:

- Major Medical Insurance Fund, a portion of the nonmajor Labor Fund – $59.0 million .

- State Emergency Reserve Cash Fund – 201.0 million.

- Colorado Water Conservation Board Construction Fund, a portion of the major Resource Extraction Fund – $33.0 million.

- Disaster Emergency Fund – $48.0 million.

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

- Marijuana Tax Cash Fund - $100 million.

SB 21-227 also designated the Capitol Annex building, with a value exceeding $29 million, as the remainder of the emergency reserve.

Based on actual fiscal year nonexempt revenues in Fiscal Year 2022, the required reserve was $592.2 million. Because the actual reserve requirement was more than the amount set in SB 21-227, the total amount restricted for the reserve was $91.0 million less than the combined maximums allowable in the designated funds detailed above.

During Fiscal Year 2022, eleven executive orders called for a net amount of $125.0 million to be spent from, or encumbered in the Disaster Emergency Fund (DEF). The amounts spent or encumbered were for fire suppression efforts ($34.1 million), COVID-19 ($84.7 million), health emergencies ($1.2 million) and other natural disaster emergencies ($5.0 million).

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 $1,138.2 million as of June 30, 2022. Under the GASB Statement No. 40 definitions, $28.7 million of the State's total bank balance of $1,226.6 million was exposed to custodial credit risk because the deposits were uninsured and the related collateral was held by the pledging institution or was held by the pledging institution's trust department or agent, but not in the State's name.

RECEIVABLES

The Taxes Receivable of $1,706.1 million shown on the government-wide *Statement of Net Position* in current assets net of long-term taxes receivable of $166.7 million, primarily comprises the following:

- $1,651.4 million in the General Purpose Revenue Fund, mainly self-assessed income and sales tax. This amount includes $166.7 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*.

- $148.8 million of unemployment insurance premiums receivable primarily recorded in the Unemployment Insurance Fund.

- $70.2 million recorded in non-major special revenue funds that includes approximately $23.8 million from insurance premium tax, $16.4 million from gaming tax, and $29.6 million from Other Special Revenue.

The Restricted Receivables of $346.2 million shown for Governmental Activities on the government-wide *Statement of Net Position* in non-current assets related primarily to $14.6 million of other receivables in the General Fund; $2.1 million of taxes receivable, $95.9 million of other receivables, and $233.5 million of intergovernmental receivables recorded in the Highway Users Tax Fund and State Highway Fund. All three items were reported as Restricted Receivables because the State Constitution and federal requirements restrict that portion of the Highway Users Tax Fund and State Highway Fund. The tax receivable was primarily fuel taxes while the intergovernmental receivable was primarily due from the Federal Government.

The Other Receivables of $1,876.2 million shown on the government-wide *Statement of Net Position* are net of $292.0 million in allowance for doubtful accounts and primarily comprise the following:

- $540.8 million of receivables recorded in the General Fund, of which $66.5 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $431.3 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $10.4 million of patient receivables.

- $689.9 million of student and other receivables of Higher Education Institutions.

- $135.8 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.

- $170.0 million of receivables recorded by the Department of Labor and Employment primarily for unemployment insurance overpayments.

INVENTORIES

Inventories of $299.0 million shown on the government-wide *Statement of Net Position* at June 30, 2022, primarily comprise the following:

- $208.6 million of consumable supplies inventories, of which $117.7 million was recorded in the Disaster Emergency Fund; $28.3 million was recorded by the Department of Natural Resources for the Colorado Water Conservation Board Fund; $37.4 million was recorded in the General Fund; $10.5 million was recorded by Higher Education Institutions; and $11.7 million was recorded for Highways.

- $75.4 million of resale inventories, of which $34.3 million was recorded for Resource Extraction; $29.6 million recorded by Higher Education Institutions; and $6.2 million recorded for Highways.

- $9.4 million of warehouse and consignment inventories recorded in the General Fund; and $4.4 million of raw material, work in process, and finished goods inventories recorded by Correctional Industries – a nonmajor enterprise fund.

PREPAIDS, ADVANCES, AND DEPOSITS

Prepaids, Advances, and Deposits of $190.6 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $29.8 million advanced to Colorado counties by the General Purpose Revenue Fund primarily related to emergency management and social assistance programs.

- $25.3 million prepaid by Higher Educational Institutions.

- $29.1 million prepaid from the Marijuana Tax Cash Fund was to designated service organizations by the Department of Human Services primarily for behavioral health.

- $10.0 million advanced to Colorado cities and special districts by the Division of Homeland Security and Emergency Management.

- $9.5 million advanced by the Office of Economic Development for grants from the Advance Industries program.

- $9.7 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund. $13.8 million advanced to Public Housing Agency.

- $8.8 million prepaid by the Governor's Office of Information Technology primarily for multi-year maintenance and licensing agreements.

- $5.2 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 $997.7 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 $166.7 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 $608.9 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 ($28.2 million), and the Resource Extraction Fund ($496.2 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 $220.8 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 a custodial fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2022 and 2021, the treasurer had $80.4 million and $82.1 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 $13.9 million of investment in residential mortgages representing payments of property taxes of certain elderly State citizen homeowners that qualify for the Property Tax Deferral Program. The investment is valued based on the outstanding principal and interest currently owed to the State as there is no quoted market price for these investments.

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

(Amounts in Thousands)

Footnote Amounts	Carrying Amount
Deposits (Note 3)	$ 1,138,165
Investments:	
Governmental Activities	22,403,401
Business-Type Activities	4,291,917
Fiduciary Activities	10,261,697
Total	$ 38,095,180
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 18,014,661
Add: Warrants Payable Included in Cash	446,944
Total Cash and Pooled Cash	18,461,605
Add: Restricted Cash	3,690,229
Add: Restricted Investments	1,293,534
Add: Investments	14,649,812
Total	$ 38,095,180

Custodial Credit Risk

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

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

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

	(Amounts in Thousands) Governmental Activities			
	Treasurer's Pool	General Fund	Other Governmental	Total
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Bills	$ 109,781	$ -	$ 12,183	$ 121,964
U.S. Treasury Notes/Bonds	2,875,850	-	121,614	2,997,464
U.S. Agency Securities (Not Explicitly Guaranteed)	766,656	-	16,786	783,442
Commercial Paper	4,955,994	-	-	4,955,994
Corporate Bonds	5,235,414	-	496,860	5,732,274
Municipal Bonds	159,741	-	7,040	166,781
Money Market Mutual Funds	4,285,000	-	-	4,285,000
Bond Mutual Funds	-	-	18,013	18,013
Asset-Backed Securities	594,736	-	72,046	666,782
Mortgage-Backed Securities	1,971,428	13,858	201,222	2,186,508
Sovereigns/Supranationals	59,069	-	-	59,069
Equity Mutual Funds	-	-	353,671	353,671
Other	-	-	74,906	74,906
SUBTOTAL	21,013,669	13,858	1,374,341	22,401,868
SUBJECT TO CUSTODIAL CREDIT RISK				
Money Market Mutual Funds	-	-	1,533	1,533
SUBTOTAL	-	-	1,533	1,533
TOTAL	$ 21,013,669	$ 13,858	$ 1,375,874	$ 22,403,401

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, 2022. 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	Total	Fiduciary
NOT SUBJECT TO CUSTODIAL CREDIT RISK			
U.S. Treasury Bills	$ 40,785	$ 40,785	$ 5,594
U.S. Treasury Notes/Bonds	148,699	148,699	18,783
U.S. Agency Securities (Explicitly Guaranteed)	191	191	-
U.S. Agency Securities (Not Explicitly Guaranteed)	135,111	135,111	-
Commercial Paper	154,310	154,310	-
Corporate Bonds	345,816	345,816	16,382
Municipal Bonds	29,128	29,128	1,539
Money Market Mutual Funds	312,735	312,735	1,296
Bond Mutual Funds	50,436	50,436	37,411
Asset-Backed Securities	258,440	258,440	620
Investment In Foundation Pool	599,068	599,068	-
Mortgage-Backed Securities	173,133	173,133	6,311
Guaranteed Investment Contracts	-	-	-
Corporate Equities	2,994	2,994	-
Private Equities	-	-	7,732
Equity Mutual Funds	1,450,378	1,450,378	27,505
Other	26,247.00	26,247	230,951
SUBTOTAL	3,727,471	3,727,471	354,124
SUBJECT TO CUSTODIAL CREDIT RISK			
U.S. Treasury Notes/Bonds	115,767	115,767	-
U.S. Agency Securities (Explicitly Guaranteed)	13,653	13,653	-
U.S. Agency Securities (Not Explicitly Guaranteed)	22,380	22,380	-
Corporate Bonds	263,910	263,910	-
Municipal Bonds	19,925	19,925	-
Money Market Mutual Funds	2,081	2,081	118,464
Bond Mutual Funds	22,844	22,844	3,311,601
Mortgage-Backed Securities	30,023	30,023	-
Corporate Equities	9,253	9,253	-
International Equities	1,727	1,727	-
Equity Mutual Funds	35,857	35,857	6,009,483
Balanced Mutual Funds	336	336	-
Other	26,690	26,690	468,025
SUBTOTAL	564,446	564,446	9,907,573
TOTAL	$ 4,291,917	$ 4,291,917	$ 10,261,697

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	Guaranteed Investment Contracts	Other	Total
Treasurer's Pool:											
Long-term Ratings											
Aaa/AAA/AAA	$ 766,656	$ -	$ 323,556	$ 594,736	$1,347,583	$4,285,000	$ -	$ 59,069	$ -	$ 50,091	$ 7,426,691
Aa/AA/AA	-	4,796,086	536,144	-	623,845	-	-	-	-	109,650	6,065,725
A/A/A	-	-	3,056,780	-	-	-	-	-	-	-	3,056,780
Baa/BBB/BBB	-	-	1,318,933	-	-	-	-	-	-	-	1,318,933
Unrated	-	159,909	-	-	-	-	-	-	-	-	159,909
Total T-Pool	766,656	4,955,995	5,235,413	594,736	1,971,428	4,285,000	-	59,069	-	159,741	18,028,038
Higher Education Institutions:											
Long-term Ratings											
Aaa/AAA/AAA	99,761	3,111	82,947	163,807	7,634	332,102	-	-	-	8,433	697,795
Aa/AA/AA	49,271	35,118	35,877	6,235	173,778	-	-	-	-	36,561	336,840
A/A/A	-	47,248	210,035	12,265	653	-	-	-	-	3,566	273,767
Baa/BBB/BBB	-	63,341	264,780	4,973	163	-	-	-	-	724	333,981
Ba/BB/BB	-	-	9,430	610	-	-	-	-	-	-	10,040
B/B/B	-	-	609	180	-	-	-	-	-	-	789
Caa/CCC/CCC	-	-	-	949	-	-	-	-	-	-	949
Ca/D/DDD	-	-	-	113	-	-	-	-	-	-	113
Short-term Ratings											
P1/MIG1/A-1/F-1	-	1,992	-	-	-	-	-	-	-	-	1,992
Unrated	8,460	3,500	7,167	69,308	20,927	34,498	9,764	-	7,029	682	161,335
Total Higher Ed	157,492	154,310	610,845	258,440	203,155	366,600	9,764	-	7,029	49,966	1,817,601
Fiduciary Funds:											
Long-term Ratings											
Aaa/AAA/AAA	-	-	664	446	-	938	-	-	-	499	2,547
Aa/AA/AA	-	-	1,164	-	6,311	-	-	-	-	932	8,407
A/A/A	-	-	4,727	-	-	-	-	-	-	107	4,834
Baa/BBB/BBB	-	-	3,225	64	-	-	-	-	-	-	3,289
Unrated	-	-	111	-	-	118,464	3,322,234	-	174,761	-	3,615,570
Total Fiduciary	-	-	9,891	510	6,311	119,402	3,322,234	-	174,761	1,538	3,634,647
All Other Funds:											
Long-term Ratings											
Aaa/AAA/AAA	16,786	-	10,806	62,142	186,579	1,533	-	-	-	1,414	279,260
Aa/AA/AA	-	-	44,826	1,938	13,269	-	-	-	-	5,625	65,659
A/A/A	-	-	182,227	3,328	130	-	-	-	-	-	185,685
Baa/BBB/BBB	-	-	156,633	1,156	612	-	-	-	-	-	158,401
Ba/BB/BB	-	-	46,228	803	166	-	-	-	-	-	47,197
B/B/B	-	-	42,149	-	-	-	-	-	-	-	42,149
Caa/CCC/CCC	-	-	7,228	-	-	-	-	-	-	-	7,228
Unrated	-	-	6,761	2,679	14,324	-	18,013	-	-	-	41,776
Total Other	16,786	-	496,858	72,046	215,080	1,533	18,013	-	-	7,039	827,355
Total	$ 940,934	$5,110,305	$6,353,007	$ 925,732	$2,395,974	$4,772,535	$3,350,011	$ 59,069	$ 181,790	$ 218,284	$24,307,641

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)

Investment Type	Treasurer's Pool Fair Value Amount	Treasurer's Pool Weighted Average Maturity	Higher Education Institutions Fair Value Amount	Higher Education Institutions Weighted Average Maturity	Fiduciary Funds Fair Value Amount	Fiduciary Funds Weighted Average Maturity	All Other Funds Fair Value Amount	All Other Funds Weighted Average Maturity
U.S. Treasury Bills/Notes/Bonds	$ 2,985,631	5.262	$ 305,119	7.078	$ 18,783	13.968	$ 121,614	9.413
U.S. Agency Securities	766,656	3.625	171,144	16.365	-	-	16,786	3.543
Bond Mutual Funds	-	-	96,829	0.120	10,633	3.367	-	-
Commercial Paper	4,955,994	0.151	154,310	0.039	-	-	-	-
Corporate Bonds	5,235,414	6.730	609,726	5.977	9,891	3.165	496,860	8.027
Asset-Backed Securities	594,736	3.195	258,440	13.678	620	0.124	72,046	4.953
Money Market Funds	-	-	62,481	0.087	119,402	14.882	-	-
Municipal Bonds	159,741	9.574	49,052	13.049	1,539	0.477	7,040	23.905
Mortgage-Backed Securities	1,971,428	15.393	203,155	32.855	6,311	6.907	201,222	8.572
Other	59,069	6.683	9,486	1.914	-	-	-	-
Total Investments	$16,728,669		$ 1,919,742		$ 167,179		$ 915,568	

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 linked bond mutual funds (Bond Mutual Fund-8) for $223.4 million with a duration of 4.59 years and a short-term inflation protected securities index fund (Bond Mutual Fund-4) for $88.8 million with a duration of 2.49 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	$ 1,119	7.600
Private Purpose Trust Funds:		
CollegeInvest:		
Bond Mutual Fund-1	$ 1,169,274	6.700
Bond Mutual Fund-2	38,951	8.010
Bond Mutual Fund-3	539,804	7.740
Bond Mutual Fund-5	79,664	6.710
Bond Mutual Fund-6	897,263	6.260
Bond Mutual Fund-7	175,543	4.520
Bond Mutual Fund-9	91,252	4.270
Bond Mutual Fund-10	7,184	4.500
Bond Mutual Fund-11	457	6.350
Other	460,690	3.340

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, 2022. 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 – 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, 2022:

(Amounts in Thousands)

	Fair Value as of June 30, 2022	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	$ 168,342	$ 143,359	$ 24,983	$ -
U.S. Treasury Notes/Bonds	3,280,711	3,177,259	103,452	-
U.S. Agency Securities (Explicitly Guaranteed)	13,844	191	13,653	-
U.S. Agency Securities (Not Explicitly Guaranteed)	940,933	194,832	746,101	-
Commercial Paper	5,110,305	-	5,110,305	-
Corporate Bonds	6,358,380	6,490	6,351,712	178
Municipal Bonds	217,371	49	217,322	-
Money Market Mutual Funds	4,470,694	4,470,694	-	-
Bond Mutual Funds	3,440,304	3,440,304	-	-
Asset-Backed Securities	925,842	-	924,791	1,051
Mortgage-Backed Securities	2,395,973	2,021	2,380,094	13,858
Sovereigns/Supranationals	59,069	-	59,069	-
Guaranteed Investment Contracts	-	-	-	-
Investment in Foundation Pool	599,068	7,742	4,821	586,505
Corporate Equities	12,247	12,247	-	-
Private Equities	7,732	-	-	7,732
International Equities	1,727	1,727	-	-
Equity Mutual Funds	7,876,895	7,876,895	-	-
Balanced Mutual Funds	336	336	-	-
Other	746,837	5,772	15,666	725,399
Total	$ 36,626,610	$ 19,339,918	$ 15,951,969	$ 1,334,723
Total investments measured at NAV	21,665			
Total other investments not valued at fair value	308,702			
Total	$ 36,956,977			

On June 30, 2022, the Colorado School of Mines held an investment in an equity trust valued at $21.7 million. The value was determined using the University's Net Asset Value (NAV) per share in the equity trust, redemption frequencies for these funds range from monthly to annually and redemption notice period range from five to 90 days.

On June 30, 2022, the University of Colorado held investments in a guaranteed investment agreements with a contract value of $7.0 million, and private equities measured at a cost of $18.5 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, 2022, the University of Colorado held $283.2 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 AND RIGHT-TO-USE ASSETS

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

(Amounts in Thousands)	Depreciation Amount
GOVERNMENTAL ACTIVITIES	
General Government	58,862.3
Business, Community and Consumer Affairs	4,343.5
Education	39,494.0
Health and Rehabilitation	12,444.4
Justice	49,740.5
Natural Resources	466.1
Social Assistance	28,233.1
Transportation	317,246.9
Total Depreciation Expense - Governmental Activities	510,830.8
BUSINESS-TYPE ACTIVITIES	
Higher Education	504,655.0
Parks and Wildlife	18,782.8
State Nursing Homes	1,867.2
Unemployment Insurance	3,312.6
Transportation	26,800.1
Social Assistance	5,328.9
Other Enterprise Funds	2,397.2
Total Depreciation Expense - Business-Type Activities	563,143.8
Total Depreciation Expense Primary Government	$ 1,073,974.6

The schedules on the following pages show the capital asset and right-to-use asset activity during Fiscal Year 2022. The capital asset schedule shows that $425.5 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $795.8 million of construction in progress were completed and added to capital assets for Business-Type activities. These amounts are net of additions.

Changes in Capital Assets

(Amounts in Thousands) *Restated	Beginning Balance*	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	139,976	$ 242	$ -	$ 679	$ 140,897
Land Improvements	7,752	-	-	-	7,752
Collections	11,213	-	-	-	11,213
Other Capital Assets	6,659	788	-	(642)	6,805
Construction in Progress (CIP)	1,779,298	788,180	(442,976)	(6,769)	2,117,733
Infrastructure	1,061,015	2	17,475	-	1,078,492
Total Capital Assets Not Being Depreciated	3,005,913	789,212	(425,501)	(6,732)	3,362,892
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	84,489	1,576	522	(1,492)	85,095
Buildings	3,611,832	30,532	189,616	(6,021)	3,825,959
Software	599,234	19,485	25,310	(12,205)	631,824
Vehicles and Equipment	1,074,991	61,331	2,582	(70,318)	1,068,586
Library Materials and Collections	5,525	425	-	(26)	5,924
Other Capital Assets	37,290	358	-	(648)	37,000
Infrastructure	12,886,486	25	207,471	(992)	13,092,990
Total Capital Assets Being Depreciated	18,299,847	113,732	425,501	(91,702)	18,747,378
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(47,056)	(3,485)	-	798	(49,743)
Buildings	(1,361,307)	(87,968)	-	1,567	(1,447,708)
Software	(416,998)	(57,024)	-	2,636	(471,386)
Vehicles and Equipment	(669,844)	(71,918)	-	59,254	(682,508)
Library Materials and Collections	(4,019)	(378)	-	26	(4,371)
Other Capital Assets	(36,663)	(39)	-	661	(36,041)
Infrastructure	(5,704,893)	(288,512)	-	-	(5,993,405)
Total Accumulated Depreciation	(8,240,780)	(509,324)	-	64,942	(8,685,162)
Total Capital Assets Being Depreciated, net	10,059,067	(395,592)	425,501	(26,760)	10,062,216
TOTAL GOVERNMENTAL ACTIVITIES	13,064,980	393,620	-	(33,492)	13,425,108
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	723,622	22,261	3,061	(6,618)	742,326
Land Improvements	17,041	-	-	-	17,041
Collections	34,150	3,421	15	(9)	37,577
Construction in Progress (CIP)	1,298,034	1,303,976	(800,233)	(21,409)	1,780,368
Other Capital Assets	23,938	167	-	-	24,105
Infrastructure	98,564	-	1,310	-	99,874
Total Capital Assets Not Being Depreciated	2,195,349	1,329,825	(795,847)	(28,036)	2,701,291
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	1,024,965	9,228	30,264	(14,629)	1,049,828
Buildings	11,150,232	94,187	657,268	(44,986)	11,856,701
Software	252,314	12,354	9,052	(1,300)	272,420
Vehicles and Equipment	1,390,920	95,718	9,497	(46,541)	1,449,594
Library Materials and Collections	648,166	23,786	-	(1,606)	670,346
Other Capital Assets	3,955	173	-	-	4,128
Infrastructure	1,487,372	3,195	89,766	992	1,581,325
Total Capital Assets Being Depreciated	15,957,924	238,641	795,847	(108,070)	16,884,342
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(532,890)	(42,696)	-	11,343	(564,243)
Buildings	(4,486,573)	(357,175)	-	5,881	(4,837,867)
Software	(173,206)	(16,243)	-	1,321	(188,128)
Vehicles and Equipment	(1,046,390)	(94,537)	-	42,223	(1,098,704)
Library Materials and Collections	(517,011)	(24,081)	-	1,587	(539,505)
Other Capital Assets	(2,157)	(146)	-	-	(2,303)
Infrastructure	(154,785)	(28,267)	-	-	(183,052)
Total Accumulated Depreciation	(6,913,012)	(563,145)	-	62,355	(7,413,802)
Total Capital Assets Being Depreciated, net	9,044,912	(324,504)	795,847	(45,715)	9,470,540
TOTAL BUSINESS-TYPE ACTIVITIES	11,240,261	1,005,321	-	(73,751)	12,171,831
TOTAL CAPITAL ASSETS, NET	$ 24,305,241	$ 1,398,941	$ -	$ (107,243)	$ 25,596,939

Changes in Right-to-Use Assets

(Amounts in Thousands)	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Right to Use Assets:				
Leased Buildings	-	264,049	24,563	288,612
Leased Vehicles, Equipment, Other	4,616	6,342	(1,651)	9,307
Total Right to Use Assets	4,616	270,391	22,912	297,919
Less Accumulated Amortization:				
Leased Buildings	-	(32,811)	(11,464)	(44,275)
Leased Vehicles, Equipment, Other	-	(5,215)	2,568	(2,647)
Total Accumulated Amortization	-	(38,026)	(8,896)	(46,922)
TOTAL GOVERNMENTAL ACTIVITIES RIGHT TO USE ASSETS, NET	4,616	232,365	14,016	250,997
BUSINESS- TYPE ACTIVITIES:				
Right to Use Assets:				
Leased Land	-	4,241	-	4,241
Leased Buildings	169,651	8,677	2,379	180,707
Leased Vehicles, Equipment, Other	13,505	5,502	(1,280)	17,727
Total Right to Use Assets	183,156	18,420	1,099	202,675
Less Accumulated Amortization:				
Leased Land	-	(61)	-	(61)
Leased Buildings	(13,027)	(17,779)	(722)	(31,528)
Leased Vehicles, Equipment, Other	(4,648)	(2,990)	1,343	(6,295)
Total Accumulated Amortization	(17,675)	(20,830)	621	(37,884)
TOTAL BUSINESS- TYPE ACTIVITIES RIGHT TO USE ASSETS, NET	165,481	(2,410)	1,720	164,791
TOTAL RIGHT TO USE ASSETS, NET	$ 170,097	$ 229,955	$ 15,736	$ 415,788

NOTE 6 – DEFINED BENEFIT PENSIONS

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

Senate Bill (SB)18-200 entitled *Modifications To PERA Public Employees' Retirement Association To Eliminate Unfunded Liability* requires a direct distribution from the State Treasury to PERA for $225 million annually to reduce unfunded PERA liabilities. The direct distributions are to occur until no unfunded actuarial accrued liabilities exist for any PERA Division Trust. PERA allocates the direct distribution to four PERA Division Trusts in proportion with payroll-based contributions. The direct distribution for fiscal year 2022 is shown below.

(In Actual Dollars)

PERA Division Trust	Additional Employer Contributions	Non-employer Contributions	Total Direct Distribution
State	$ 73,273,864	$ 3,431,803	$ 76,705,667
Judicial	1,261,601	98,620	1,360,221
School	-	19,153,010	19,153,010
Denver Public Schools	-	127,781,102	127,781,102
	$ 74,535,465	$ 150,464,535	$ 225,000,000

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

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

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

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

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in 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 Section 24-51-401, C.R.S., *et seq.* and Section 24-51-413, C.R.S. Employee and employer contribution rates for the period July 1, 2021 through June 30, 2022 are presented in the following tables:

State Division Trust Fund	July 1, 2021 Through June 30, 2022
Employee contribution (all employees except State Troopers)	10.50%
State Troopers Only	12.50%

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

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

State Division Trust Fund	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Employer contribution rate	10.90%	10.90%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF	9.88%	9.88%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.10%
Total employer contribution rate to the SDTF	**19.93%**	**19.98%**

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

State Division Trust Fund	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Employer contribution rate	13.60%	13.60%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF	12.58%	12.58%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.10%
Total employer contribution rate to the SDTF	**22.63%**	**22.68%**

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

Eligible employees and the State are required to contribute to the JDTF at rates established under Section 24-51-401 C.R.S., *et seq.* and Section 24-51-413, C.R.S. Employee and employer contribution rates for the period July 1, 2021 through June 30, 2022 are presented in the following tables:

Judicial Division Trust Fund	July 1, 2021 Through June 30, 2022
Employee contribution	15.5%

Judicial Division Trust Fund	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Employer contribution rate	9.41%	9.41%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the JDTF	8.39%	8.39%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.20%	4.60%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	4.20%	4.60%
Total employer contribution rate to the JDTF	**16.79%**	**17.59%**

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

As specified in Section 24-51-414 C.R.S., the State is required to contribute $225.0 million each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SDTF and JDTF based on the proportionate amount of annual payroll of those division trust funds to the total annual payroll of each trust to the School Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. A portion of the direct distribution allocated to the SDTF and JDTF is considered a nonemployer contribution for financial reporting purposes. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024.

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 $709.6 million and $10.3 million, respectively, for the year ended June 30, 2022.

Net Pension Liability

The net pension liability for the SDTF and for the JDTF were measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total pension liability to December 31, 2021. 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 2021 relative to the total contributions of all participating employers and the nonemployer contributions made by the State to the SDTF and to the JDTF.

The State reports a net pension liability in accordance with the requirements of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions* using the Schedule of Employer and Nonemployer Allocations and Schedule of Collective Pension Amounts published by PERA. Refer to the last four tables in Note RSI-2 for historical information on the State of Colorado's proportionate share of collective pension amounts as a nonemployer contributing entity. Historical information on the collective pension amounts is available in the Required Supplementary Information section of PERA's annual comprehensive financial report (ACFR) available at https://www.copera.org/investments/pera-financial-reports.

For purposes of GASB 68 paragraph 15, a circumstance continues to exist in which a nonemployer contributing entity is legally responsible for making contributions to the State, Judicial, School and DPS Division Trust Funds and is considered to meet the definition of a special funding situation.

At June 30, 2022, the State reported a total liability of $8.29 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	$ 7,045,081	$ 8,507	-	-	$ 7,053,588
Employees of other governments	34,307	81	1,196,870	1,355	1,232,613
Total	$ 7,079,388	$ 8,588	$ 1,196,870	$ 1,355	$ 8,286,201

Proportionate Share

The State's proportionate share at December 31, 2020 and December 31, 2021 as well as how the proportionate share increased or decreased is presented in the following table:

As a Participating Employer			
	Proportionate Share		
PERA Division	12/31/2020	12/31/2021	Increase (Decrease)
State	95.60%	95.53%	-0.07%
Judicial	93.49%	92.75%	-0.74%

As a Governmental Nonemployer Contributing Entity			
	Proportionate Share		
PERA Division	12/31/2020	12/31/2021	Increase (Decrease)
State	0.00%	0.47%	0.47%
Judicial	0.00%	0.88%	0.88%
School	0.00%	10.28%	10.28%
DPS	0.00%	22.70%	22.70%

Pension Expense & Aid to Other Governments

For the year ended June 30, 2022, 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	$ (201,750)	$ (43,574)	-	-	$ (245,324)
Aid to other governments*	(8,969)	(120)	36,342	7,963	35,216
Total	$ (210,719)	$ (43,694)	$ 36,342	$ 7,963	$ (210,108)

* Amortization of employer-level deferrals only.

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, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

State Division Trust Fund

	Deferred Outflows of Resources Related to		Deferred Inflows of Resources Related to	
(Amounts in thousands)	State's Own Employees	Employees of Other Governments	State's Own Employees	Employees of Other Governments
Difference between expected and actual experience	$ 47,937	$ 233	$ 9,801	$ 48
Changes of assumptions or other inputs	251,184	1,223	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	2,424,400	11,806
Changes in proportion and differences between contributions recognized and proportionate share of contributions	184,489	30,550	209,474	17,138
Contributions subsequent to the measurement date	354,886	-	-	-
Total	$ 838,496	$ 32,006	$ 2,643,675	$ 28,992

Deferred outflows of resources of $354.9 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

State Division Trust Fund

Year ended June 30:	(Amounts in thousands)
2023	(344,196)
2024	(931,216)
2025	(586,834)
2026	(294,800)

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	$ 9,963	$ 95	$ -	$ -
Changes of assumptions or other inputs	483	5	18,632	178
Net difference between projected and actual earnings on pension plan investments	-	-	54,815	523
Changes in proportion and differences between contributions recognized and proportionate share of contributions	189	1,275	2,004	724
Contributions subsequent to the measurement date	4,613	-	-	-
Total	$ 15,248	$ 1,375	$ 75,451	$ 1,425

Deferred outflows of resources of $4.6 million related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Judicial Division Trust Fund

Year ended June 30:	(Amounts in thousands)
2023	(29,211)
2024	(17,947)
2025	(11,512)
2026	(6,195)

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	$ 45,821	$ 11,571	$ -	$ -
Changes of assumptions or other inputs	91,372	14,129	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	449,987	132,408
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,344,194	167,701	1,126,596	125,164
Total	$ 1,481,387	$ 193,401	$ 1,576,583	$ 257,572

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:

School and DPS Division Trust Funds

Year ended June 30:	(Amounts in thousands)
2023	(169,868)
2024	612
2025	80,477
2026	(70,589)

Actuarial Assumptions

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division Trust Fund	Judicial Division Trust Fund	School Division Trust Fund	DPS Division Trust Fund
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30 percent	2.30 percent	2.30 percent	2.30 percent
Real wage growth	0.70 percent	0.70 percent	0.70 percent	0.70 percent
Wage inflation	3.00 precent	3.00 precent	3.00 precent	3.00 precent
Salary increases, including wage inflation	3.30 - 10.90 percent	2.80 - 5.30 percent	3.40 - 11.00 percent	3.80 - 11.50 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Discount rate	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Post-retirement benefit increases:				
PERA benefit structure hired prior to 1/1/07	1.00 percent	1.00 percent	1.00 percent	1.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The total pension liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. The mortality tables described below are generational mortality tables developed on a benefit-weighted basis. Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. 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 reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of $225 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 FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.

- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

- 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:

Discount rate sensitivity

(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	$ 9,985,223	$ 7,079,388	$ 4,636,521
Judicial Division Trust Fund	54,925	8,588	(31,150)
School Division Trust Fund	1,761,694	1,196,870	725,545
DPS Division Trust Fund	130,656	1,355	(105,405)

Pension plan fiduciary net position. Detailed information about the SDTF's fiduciary net position is available in PERA's annual comprehensive financial report (ACFR) which can be at www.copera.org/investments/pera-financial-reports.

Payables to the PERA Defined Benefit Pension Plan

A short-term payable of approximately $3.45 million existed at June 30, 2022 for employer and employee contributions due to PERA. C.R.S. 24-51-401 requires employer, employee, and retiree contributions be remitted to PERA within five days after the date the members and retirees are paid. PERA Rule 4.10-A specifies that employers are responsible for payment of interest computed on a daily rate for contributions not remitted timely.

Alternate Medicare Payment

Plan description. The University of Colorado offers an Alternate Medicare Payment (AMP) to retirees of the University of Colorado Optional Retirement Plan (ORP) participating in Medicare as an alternative to healthcare coverage provided under the University OPEB Plan (University OPEB). The AMP is a single- employer, defined benefit, pension plan established by the University who also administers and has the authority to amend benefits (e.g., ad hoc postemployment benefit changes). No assets are accumulated in a trust as the University funds the AMP on a pay-as-you-go basis. No stand-alone financial report is issued, and the AMP is not included in the report of a public employee retirement system.

Benefits. A participant must be in a benefits-eligible position at 50 percent or greater appointment immediately preceding retirement and have met the required number of service years. Only ORP retirees participating in Medicare are eligible to receive AMP benefits. The AMP is available to the employee and eligible spouse/same gender domestic partner. AMP benefits are not provided for dependent children. The AMP is non-contributory for the retiree and provides a monthly, non-salary dependent, cash payment to offset healthcare-related costs. As the monthly cash payments are not restricted as to use, they are considered a pension benefit rather than OPEB. Since the AMP's inception, monthly cash payments have been $154 for a retiree, $262 for a retiree plus spouse/same gender domestic partner, and $108 for a surviving spouse.

Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2022. Table below is a summary of the employees covered by the benefit terms used in the valuation.

Employees Covered by AMP's Benefit Terms

Active employees	15,114
Retirees and beneficiaries currently receiving benefit payments	887
Retirees and beneficiaries entitled to but not yet receiving benefit payments	266
Total	**16,267**

Total Pension Liability. The AMP's total pension liability at June 30, 2022 of $124.7 million was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date. The University contributed $2.0 million for the year ended June 30, 2022.

Actuarial Assumptions and Other inputs. The AMP's total pension liability in the June 30, 2021 actuarial valuation was determined using the actuarial assumptions and other inputs in Table below.

AMP's Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry age
Inflation rate	2.50%
Discount rate	2.15%
Benefit cost trend rate	2.50%

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

Mortality rates were based upon the PUB-2010 Amounts-Weighted Teachers Classification Table for Employees with generational projection using Scale MP-2021. With the exception of the mortality assumption, the demographic assumptions (retirement rates, termination rates, and salary scale) are based upon the December 31, 2019 Colorado PERA assumption study.

Changes in the Total Pension Liability. Table below details the changes in the AMP's total pension liability during Fiscal Year 2022.

Reconciliation of AMP's Total Pension Liability
(*in thousands*)

	Fiscal Year Ending June 30, 2022
Total pension liability, beginning of year	$119,804
Changes recognized for the fiscal year:	
Service cost	7,048
Interest on total AMP liability	2,771
Differences between expected and actual experience	(5,842)
Changes of assumption	2,700
Estimated benefit payments	(1,819)
Net changes	4,858
Total pension liability, end of year	$124,662

Sensitivity of the total pension liability to changes in the discount rate. The following table presents the total pension liability of the AMP, as well as what the AMP's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

Sensitivity of AMP's Total Pension Liability to Changes in the Discount Rate ***(in thousands)***

	1% Decrease	Discount Rate	1% Increase
Fiscal year ended	1.15%	2.15%	3.15%
June 30, 2022	150,762	124,662	104,308

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension. The University recognized $13.4 million of pension expense for the AMP in Fiscal Year 2022. The following table presents the AMP's deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of June 30, 2022.

AMP Deferred Outflows and Inflows of Resources ***(in thousands)***

	Deferred Outflows	Deferred Inflows
Changes in Assumptions	29,170	1,310
Differences between expected and actual experience	-	9,194
Benefit payments subsequent to the measurement date	2,029	-
Total	31,199	10,504

The $2.03 million reported as deferred outflows of resources as of June 30, 2022, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction to the AMP's total pension liability in the year ended June 30, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as summarized in table below.

Future Amortization of AMP's Deferred Outflows of Resources and Inflows of Resources ***(in thousands)***		
Years ending June 30:		
2023	$	3,581
2024		3,581
2025		2,941
2026		2,681
2027		2,663
2028-2030		3,219
Total	$	18,666

The following table lists the amortization bases included in the AMP's deferred outflows and inflows of resources as of June 30, 2022.

Amortization of AMP Deferred Outflows of Resources and Deferred Inflows of Resources ***(in thousands)***

		Period		Balance		Annual
Date Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
July 1, 2016	Differences between expected and actual experience	8.5	2.5	$ (101)	(29)	(12)
July 1, 2016	Changes in assumptions	8.5	2.5	10,999	3,235	1,294
July 1, 2017	Differences between expected and actual experience	8.5	3.5	(3,377)	(1,392)	(397)
July 1, 2017	Changes in assumptions	8.5	3.5	(3,180)	(1,310)	(374)
July 1, 2018	Differences between expected and actual experience	8.3	4.3	(109)	(57)	(13)
July 1, 2018	Changes in assumptions	8.3	4.3	4,940	2,560	595
July 1, 2019	Differences between expected and actual experience	8.3	5.3	(3,865)	(2,467)	(466)
July 1, 2019	Changes in assumptions	8.3	5.3	4,845	3,093	584
July 1, 2020	Differences between expected and actual experience	8.5	6.5	(124)	(94)	(15)
July 1, 2020	Changes in assumptions	8.5	6.5	23,408	17,900	2,754
July 1, 2021	Differences between expected and actual experience	8.5	7.5	(5,842)	(5,155)	(687)
July 1, 2021	Changes in assumptions	8.5	7.5	2,700	2,382	318
				Total	**$ 18,666**	**$ 3,581**

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 an annual comprehensive financial report (ACFR) available at: www.copera.org/investments/pera-financial-reports.

Benefits Provided
The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

DPS Benefit Structure

The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the State is statutorily committed to pay the contributions. Contributions made by the State and allocated to the HCTF for purposes of financial reporting were $31.6 million for the year ended June 30, 2022.

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

At June 30, 2022, the State reported a liability of $276.9 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2021. The State's proportion of the net OPEB liability is based on contributions to the HCTF from the State for the calendar year 2021 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the State's proportion was 32.11 percent, which was a decrease of 0.85 percent from its proportion measured as of December 31, 2020.

For the fiscal year ended June 30, 2022, the State recognized OPEB expense of $2.25 million. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 422	$ 65,648
Changes of assumptions or other inputs	5,732	15,018
Net difference between projected and actual earnings on pension plan investments	-	17,138
Changes in proportion and differences between contributions recognized and proportionate share of contributions	15,927	29,449
Contributions subsequent to the measurement date	17,420	-
Total	$ 39,501	$ 127,253

$17.4 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, 2023. 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)
2023	$	(28,081)
2024	$	(30,226)
2025	$	(28,068)
2026	$	(13,676)
2027	$	(4,414)
Thereafter	$	(708)

Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%*	N/A

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.

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 2021 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	$633	$230
Kaiser Permanente Medicare Advantage HMO	$596	$199

The 2021 Medicare Part A premium is $471 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	$591
Kaiser Permanente Medicare Advantage HMO	$562

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, 2020, 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
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.

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

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above. The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.
Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	**Target Allocation**	**30 Year Expected Geometric Real Rate of Return**
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

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

Sensitivity to Changes in Health Care Cost Trend Rates

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

Sensitivity - Health Care Cost Trend Rates

(Amounts in thousands)	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	3.50%	4.50%	5.50%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A	2.75%	3.75%	4.75%
Ultimate Medicare Part A	3.50%	4.50%	5.50%
Net OPEB Liability	$268,912	$276,863	$286,073

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, 2021, 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 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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:

Sensitivity - Discount rate

(Amount in thousands)	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 321,548	$ 276,863	$ 238,695

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

Payables to the PERA Health Care Trust OPEB Plan

A short-term payable of approximately $167 thousand existed at June 30, 2022 for employer and employee contributions due to PERA. Section 24-51-401(1.7)(a)(I), C.R.S. requires employer, employee, and retiree contributions be remitted to PERA within five days after the date the members and retirees are paid. PERA Rule 4.10-

A specifies that employers are responsible for payment of interest computed on a daily rate for contributions not remitted timely.

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

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

Benefits. The University subsidizes a portion of healthcare and life insurance premiums for retirees on a pay-as-you-go basis. All employees in a benefit-eligible position at 50 percent or greater appointment immediately preceding retirement are eligible to participate based on age and years of service. Spouses/partners, surviving spouses/partners, and dependents are eligible for benefits. The University specifies the maximum amount that it will contribute towards retiree healthcare benefits at the beginning of each coverage period. The retiree is required to make up the difference between the total cost and the amount contributed by the University. Benefits are not dependent on salary. For non-Medicare retirees, the subsidy for medical plans ranges from $610 per month to $1,736 per month depending on the number of individuals covered. For Medicare retirees, the subsidy ranges from $406 per month to $1,030 per month depending on the number of individuals covered. For dental plans, the subsidy ranges from $0 per month to $58 per month. The amount of life insurance offered is the lesser of 25 percent of the employee’s pre-retirement benefit or $3,000. It is assumed for purposes of this report that everyone is eligible for the maximum life insurance benefit of $3,000.

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

The percentage of the University contribution the retiree receives is based on the retiree’s years of service at retirement divided by the required number of years of service. Enrollment in University OPEB is voluntary. University and participant payments for healthcare benefits are paid to the University of Colorado Health and Welfare Trust which is responsible for administration of healthcare benefits. The University contributed $16.2 million for the fiscal year ended June 30, 2022.

Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2022. The following table presents a summary of the employees covered by the benefit terms used in the valuation.

Employees Covered by University OPEB's Benefit Terms

	Healthcare		Life Insurance	
	ORP	PERA	ORP	PERA
Active employees	15,114	5,831	16,593	5,030
Retirees and beneficiaries	1,648	536	2,337	3,305
Total	16,762	6,367	18,930	8,335

Total OPEB Liability. The University OPEB’s total OPEB liability at June 30, 2022 of $1.29 billion was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the actuarial assumptions and other inputs in the following table, applied to all periods included in the measurement, unless otherwise specified.

University OPEB's Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry age
Discount rate	2.15% at 6/30/2021 measurement date
Inflation	2.50%

Healthcare Cost Trend Rates:

	Non-Medicare			Medicare		
Year	Medical	Rx	Contributions	Medical	Rx	Contributions
2021-2022	6.7%	9.5%	7.3%	5.7%	9.5%	8.3%
2022-2023	6.6%	9.0%	7.1%	5.6%	9.0%	7.9%
2023-2024	6.4%	8.5%	6.9%	5.4%	8.5%	7.5%
2024-2025	6.1%	7.9%	6.6%	5.3%	7.9%	7.1%
2025-2026	5.9%	7.4%	6.2%	5.1%	7.4%	6.7%
2026-2027	5.6%	6.8%	5.9%	5.0%	6.8%	6.3%
2027-2028	5.3%	6.2%	5.5%	4.9%	6.2%	5.8%
2028-2029	5.0%	5.6%	5.2%	4.8%	5.6%	5.4%
2029-2030	4.8%	5.1%	4.8%	4.6%	5.1%	4.9%
2030-2031+	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

Dental trend rate 4.50% in all years.
Administrative expense trend rate is 3.00% in all years.

Retirees' Share of Benefit Related Costs:

Plan	Retiree Only	Retiree and Spouse or Partner
Kaiser Medical	$ 116.00	$ 315.50
Exclusive Medical	$ 54.00	$ 193.50
High Deductible Medical	$ -	$ 20.00
Medicare Primary Medical	$ 41.31	$ 207.00
Essential Dental	$ -	$ 17.00
Choice Dental	$ 17.00	$ 51.50
Premier Dental	$ 46.50	$ 82.50

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

Mortality rates were based upon the PubT.H-2010 – Healthy Retiree Table for Males or Females, as appropriate, with generational projection using Scale MP-2020.

With the exception of the mortality assumption, the demographic assumptions (retirement rates, termination rates, and salary scale) are based upon the December 31, 2019 Colorado PERA assumption study,

Changes in the Total OPEB Liability. The following table details the changes in the University's total OPEB plan liability during fiscal year 2022.

Reconciliation of University OPEB's Total OPEB Liability *(in thousands)*		
		Total OPEB Liability
Balance recognized at June 30, 2021	$	941,595
Changes recognized for the fiscal year:		
Services cost		68,640
Interest on total OPEB liability		22,068
Differences between expected and actual experience		201,889
Changes of assumption		67,418
Benefit payments		(14,407)
Net changes		345,608
Balance recognized at June 30, 2022	$	1,287,203

Changes of assumptions and other inputs reflect:

- Discount rate changed from 2.20 percent to 2.15 percent.
- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale PM-2020 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2021.
- Retirement rates for PERA employees, termination rates, and salary scale were updated from the December 31, 2015 Colorado PERA assumption study to the December 31, 2019 Colorado PERA assumption study.
- Claims and trend rates were updated to better reflect expected future plan experience.

Sensitivity of the total OPEB liability to changes in the discount rate. The following table presents the total OPEB liability of the University OPEB, as well as what University OPEB's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate for the fiscal year ended June 30, 2022.

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

	1% Decrease	Discount Rate	1% Increase
Fiscal year ended	1.15%	2.15%	3.15%
June 30, 2022	1,540,846	1,287,203	1,088,688

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following table presents the total OPEB liability of the University OPEB, as well as what the University OPEB's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates for the fiscal year ended June 30, 2022.

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

Fiscal year ended	1% Decrease	Trend Rate	1% Increase
June 30, 2022	1,057,189	1,287,203	1,594,139

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University recognized $107.0 million in OPEB expense for the University OPEB Plan in fiscal year 2022. There are no assets accumulating in trust for the University OPEB plan. The following table illustrates the deferred outflows and inflows of resources from various sources as of June 30, 2022.

University OPEB's Deferred Outflows and Inflows of Resources *(in thousands)*	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	175,883	153,399
Changes in Assumptions	202,699	15,051
Contributions subsequent to the measurement date	16,226	-
Total	394,808	168,450

The $16.2 million reported as deferred outflows of resources as of June 30, 2022 resulting from contributions subsequent to the measurement date, will be recognized as a reduction to the University's OPEB liability in the year ending June 30, 2023.

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

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

Years ending June 30:	
2023	$ (16,294)
2024	(16,294)
2025	(27,162)
2026	(32,129)
2027	(43,407)
2028-2029	(74,846)
Total	$ (210,132)

Amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2022 are presented in the following table.

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

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
July 1, 2017	Differences between expected and actual experience	7.4	2.4	$ (87,654)	(28,429)	(11,845)
July 1, 2017	Changes in assumptions	7.4	2.4	(46,406)	(15,051)	(6,271)
July 1, 2018	Differences between expected and actual experience	7.5	3.5	(1,728)	(808)	(230)
July 1, 2018	Changes in assumptions	7.5	3.5	35,919	16,763	4,789
July 1, 2019	Differences between expected and actual experience	7.5	4.5	(209,938)	(124,162)	(27,592)
July 1, 2019	Changes in assumptions	7.5	4.5	3,678	2,208	490
July 1, 2020	Differences between expected and actual experience	7.7	5.7	287	213	37
July 1, 2020	Changes in assumptions	7.7	5.7	168,948	125,066	21,941
July 1, 2021	Differences between expected and actual experience	7.7	6.7	201,889	175,670	26,219
July 1, 2021	Changes in assumptions	7.7	6.7	67,418	58,662	8,756
				Total	$ 210,132	$ 16,294

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 2022, 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, 2022, the State offered three statewide, self-funded PPO options administered by Cigna and three regional, fully-insured HMO options administered by Kaiser Permanente. Two of these medical options were HSA-qualified high-deductible health plans (HDHPs). The State offers two statewide dental PPO plans and two statewide vision PPO plans administered by Delta Dental and EyeMed, respectively.

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

B. DEFINED CONTRIBUTION RETIREMENT PLANS

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description – Employees of the State of Colorado that were hired on or after January 1, 2006, and employees of certain community colleges that were hired on or after January 1, 2008, which were eligible to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, have the option to participate in the SDTF or the Defined Contribution Retirement Plan (PERA DC Plan). Pursuant to C.R.S. § 24-51-1501(4), the PERA DC Plan eligibility was extended to certain new classified employees at State Colleges and Universities beginning on January 1, 2019. The PERA DC Plan is an Internal Revenue Code Section 401(a) governmental profit-sharing defined contribution plan. Title 24, Article 51, Part 15 of the C.R.S., as amended, assigns the authority to establish Plan provisions to the PERA Board of Trustees. The DC Plan is also included in PERA's Annual Report as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and the State of Colorado are required to contribute a percentage of PERA-includable salary to the PERA DC Plan. Employee contribution rates increased

0.50% on July 1, 2021, pursuant to C.R.S. § 24-51-401(1.7). In addition, employee contribution rates will increase 0.50% on July 1, 2022, pursuant to the Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413.

The employee and employer contribution rates are summarized in the tables below:

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Employee Contribution Rates:			
All employees other than State Troopers	10.00%	10.50%	10.50%
State Troopers	12.00%	12.50%	12.50%
Employer Contribution Rates:			
On behalf of all employees other than State Troopers	10.15%	10.15%	10.15%
State Troopers	12.85%	12.85%	12.85%

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

Additionally, the employers are required to contribute AED, SAED, and other statutory amounts, as follows:

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021	January 1, 2022 Through June 30, 2022
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%	5.00%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	0.50%	0.50%	0.50%
Defined Contribution statutory contribution as specified in C.R.S. § 24-51-1505	0.25%	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.05%	0.05%	0.10%
Total employer contribution rate to the SDTF	**10.80%**	**10.80%**	**10.85%**

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

Contribution requirements are established under Title 24, Article 51, Section 1505 of the C.R.S., as amended. Participating employees of the PERA DC Plan are immediately vested in their own contributions and investment earnings and are immediately 50 percent vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10 percent. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense.

For the Fiscal Year ending June 30, 2022, the State of Colorado recognized pension expense of $17.5 million for the PERA DC Plan.

<u>University of Colorado - Optional Retirement Plan</u>

Under the University's optional retirement plan (ORP), a 401(a) plan, certain members of the University are required to participate in a defined contribution retirement plan administered by the University for the benefit of full-time faculty and exempt staff members. The State constitution assigns the authority to establish and amend plan provisions to the Regents. The contribution requirements of plan members and the University are established and may be amended by the Regents. Generally, employees are eligible for participation in the ORP upon hire and are vested immediately upon participation.

For the year ended June 30, 2022, 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 $187.2 million.

Participants in the University's ORP choose to invest all contributions with one or more of three designated vendors. In addition, participants in the University's ORP are covered under federal Social Security. Federal Social Security regulations require both the employer and employee to contribute a percentage of covered payroll to Social Security.

<u>Colorado State University - University Optional Retirement Plan – The Defined Contribution Plan for Retirement (DCP)</u>

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 11.1 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, 2022, the System's contribution to the defined contribution retirement plan was equal to 11.3 percent of covered payroll, and the employee contribution was equal to 8 percent of covered payroll. The System's contribution under the ORP approximated $56.4 million during the year ended June 30, 2022.

NOTE 9 – RISK MANAGEMENT

State Risk Management – Liability Fund and Workers' Compensation

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. The State also purchases Stop Loss insurance to mitigate the risk of loss on claims paid. The State receives reimbursement for claims by individual claimant over $500,000.

Workers' Compensation losses are self-insured pursuant to the Risk Management Act (24-30-1501). Excess Worker's Compensation insurance policy is purchased with a $10,000,000 per occurrence deductible and a $50,000,000 per occurrence limit.

Property Losses - "all risk, including flood and equipment breakdown" insurance policy is purchased with a $500,000 per occurrence deductible, and a limit of $450,000,000 per occurrence. Per statute, individual Department property claims have a $5,000 per occurrence deductible (effective July 1, 2011).

Liability losses are self-insured pursuant to the Risk Management Act, including automobile liability, general liability, employment liability, and other claims brought under State and Federal law. Claims brought under state law are limited to $387,000 per person and $1,093,000 (for claims that occur on or after January 1, 2018 and before January 1, 2022) per accident pursuant to the Colorado Governmental Immunity Act (CGIA 24-10-101). Excess Public Liability coverage is purchased for claims outside of Colorado and claims brought under Federal law with a $2,000,000 per occurrence deductible and a $5,000,000 per occurrence limit. A Crime insurance policy is purchased with $250,000 per occurrence deductible and a $10,000,000 per occurrence limit to cover losses due to employee dishonesty and theft. There were no reductions in coverage. No settlements or judgments exceeded insurance coverage for each of the past five fiscal years. The estimated fiscal year end Incurred But Not Reported liability was provided by an independent actuary. No participation in a risk pool. We contract with an actuary to estimate liabilities in the workers' compensation and liability funds. There are no outstanding amounts for claims where annuities were purchased and the related liability removed from the books.

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

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

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

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

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $500,000 per individual. The State also maintains a fully insured health plan with Cigna that is separate from the self-funded plan. In Fiscal Year 2022, the State recovered $6.2 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 $9.8 million of insurance recoveries during Fiscal Year 2022. Of that amount approximately $1.1 million was related to asset impairments that occurred in prior years. The remaining $8.7 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $6.2 million, as noted above), a Pension and Other Employee Benefits Fund, and $1.3 million by Higher Education in the Higher Education Institutions Fund.

University of Colorado – General Liability, Property, and Workers' Compensation

The University of Colorado is self-insured for workers' compensation, auto, property and general liability claims. The Fund's liabilities are projected on a semi-annual basis by an actuary, Willis Towers Watson. The University has purchased excess insurance to cover losses over its' self-insured retention (SIR), which varies by line of coverage and policy year. The current SIR levels are $500,000 per property claim, $1,500,000 per workers' compensation claim, and $1,250,000 per general liability claim. Tort claims are subject to the governmental immunity act, and damages are capped for specified areas at $350,000 per person and $990,000 per occurrence.

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 in insurance coverage in the prior year. There are 4 claims that exceeded coverage in the past three fiscal years: two Property and two General Liability.

University of Colorado Denver – Graduate Medical Education Health Benefits Program and Medical Malpractice

The University of Colorado Anschutz Medical Campus and its faculty and staff are self-insured for medical malpractice liability under the terms of the Colorado Governmental Immunity Act. The University of Colorado Self-Insurance Trust to cover claims greater than $500,000 per claimant and $1,500,000 per occurrence. The policy provides $10,000,000 coverage in aggregate annually; GME Health Benefit Program: The CU Graduate Medical Education (GME) Health Benefits Program is a comprehensive health and dental insurance program for physicians in training at the Anschutz Medical Campus. Coverage includes major medical, outpatient, lab, x-ray, prescriptions and personal psychiatric services for residents plus their immediate family (spouses and children). The plan's exposure to loss results from medical and dental claims filed on behalf of the enrolled members after receiving medical and dental services from qualified health care providers. Effective 7/1/2021, the program has been transferred to the University of Colorado Health and Welfare Trust, a fiduciary component unit of the University. No significant reductions in insurance coverage occurred during the fiscal year. Over the past three years, the plan has collected $133,784 from the stop-loss insurance carrier for settlements in excess of the individual stop-loss insurance coverage; GME Health Benefit Program: Effective 7/1/2021, GME Health Benefits Program has been transferred to the University of Colorado Health and Welfare Trust, a fiduciary component unit of the University. No significant changes of reductions in insurance coverage from coverage in the prior year. The self-insured for medical malpractice liability in Anschutz Medical Campus is not in a risk pool. The basis of estimating the liability is from an annual actuarial study. The liability balance is discounted and established at a 75% confidence level. Additional information is on file in the Finance Office; GME Health Benefit Program: GME does not participate in a risk pool for this program. Liabilities are estimated using actuarial calculations from a professional insurance brokerage firm. Due to the nature of the plan, claims are filed promptly after services are provided (typically within 30 days) with a limit stated in the plan that claims must be filed within 1 year of the date of service.

Colorado State University – Medical, Dental, and Disability Benefits and General Liability

The University of Colorado Graduate Medical Education (GME) Health Benefits Program is a comprehensive health and dental insurance program for physicians in training at the Anschutz Medical Campus. Coverage includes major medical, outpatient, lab, x-ray, prescriptions and personal psychiatric services for residents plus their immediate family (spouses and children). The plan's exposure to loss results from medical and dental claims filed on behalf of the enrolled members after receiving medical and dental services from qualified health care providers. Excess risk exposure is covered by the purchase of stop-loss insurance, which entitles GME to get reimbursement for claims exceeding $325,000 per individual and per plan year. There were no reductions of insurance coverage in Fiscal Year 2021 for this program. There have been no claims against the aggregate stop-loss insurance in the previous three years; however, the University collected $5.7 million from the stop-loss insurance carrier for individual claims in excess of the threshold over the previous three years. There was a high-cost claimant incurred in Fiscal Year 2020 with a result of $5.1 million in reimbursements. An insurance brokerage firm estimates liabilities of the plan using actuarial methods.

Colorado State University is self-insured for medical, dental, short-term disability, liability and workers comp. Liabilities are based on a calculation using past experience and current data. CSU also purchases re-insurance which covers individual health care claims of more than $350,000 in any plan (calendar) year. The health care plans have reserves that are set by CSU based upon the underwriting review by our benefits consultant and our third-party administrator. Workers comp, liability and property liability also have reserve accounts established. CSU instructs an Actuarial company to perform an annual actuarial study of CSU's Workers' Compensation and Liability self-insurance programs. CSU is self-insured for liability insurance and carries Excess Public Liability for claims exceeding $500,000 per occurrence. CSU is liable for the first $500,000 and purchases excess liability in the amount of $25,000,000 per occurrence in two layers: the first layer of $10,000,000 with United Educators, with a sexual abuse sublimit of $5,000,000, and an additional layer of $10,000,000 with Munich RE, and Indian Harbor, and Genesis providing an additional layer of $5,000,000 for employers liability, and general and auto liability, respectively. 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 standalone Terrorism insurance with limits of $200,000,000. CSU purchases a standalone Fine Arts/Special Collections policy with limits of $30,000,000. CSU carries Cyber Risk Liability Insurance with Homeland Insurance of New York (Resilience) with a liability limit of $3,000,000 after the following deductible amount is met: $500,000. CSU has International Liability Insurance with Great Northern Insurance Company for $1,000,000. CSU carries Non-Owned Aviation Liability Insurance (Non-Owned) with Allianz 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 USAIG 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 $50,000,000 for CEMML operations, including additional responsibility for prescribed burning. There were no significant reductions in insurance coverage from the prior fiscal year. The amount of settlements has not exceeded coverage in any of the past three years. There are currently no discounted unpaid claims and no claims liabilities for which annuity contracts have been purchased.

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				
2021-22	25,495	6,673	(5,277)	37,445
2020-21	27,954	(6,400)	(3,941)	25,495
2019-20	22,076	12,695	6,817	27,954
Workers' Compensation				
2021-22	96,796	22,137	30,847	88,086
2020-21	104,030	25,262	32,496	96,796
2019-20	118,210	16,170	30,350	104,030
Group Benefit Plans:				
2021-22	21,061	322,881	318,908	25,034
2020-21	22,928	293,995	295,862	21,061
2019-20	20,935	262,537	260,544	22,928
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2021-22	18,711	8,004	8,102	18,612
2020-21	17,621	7,530	6,440	18,711
2019-20	19,308	5,520	7,207	17,621
University of Colorado Denver:				
Graduate Medical Education Health Benefits Program				
2021-22	1,676	(751)	925	-
2020-21	2,502	13,293	14,119	1,676
2019-20	2,832	10,470	10,800	2,502
Medical Malpractice				
2021-22	12,251	1,911	1,542	12,620
2020-21	10,445	3,636	1,830	12,251
2019-20	10,710	943	1,208	10,445
Colorado State University:				
Medical, Dental, and Disability Benefits and General Liability				
2021-22	46,785	68,792	67,858	47,719
2020-21	37,074	69,799	60,088	46,785
2019-20	34,975	62,265	60,166	37,074

NOTE 10 – LEASES

For Fiscal Year 2022, the State implemented the requirements of Governmental Accounting Standards Board Statement No. 87 – Leases.

State as Lessee

The State leases office space, buildings, software, and equipment. The total lease liability at June 30, 2022 is $262.4 million for governmental activities and $159.1 million for business-type activities. There are no significant residual payments excluded from the measurement of the lease liability. Outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the lease liability are $14.1 million. There are no significant outflows of resources recognized in Fiscal Year 2022 for other payments, including residual value guarantees or termination penalties, not previously included in the measurement of the lease liability. Interest expense on leases recognized in Fiscal Year 2022 is $1.9 million for governmental activities and $3.2 million for business-type activities.

The following table presents lease principal and interest requirements to maturity.

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities	
Fiscal Year(s)	Principal	Interest	Principal	Interest
2023	$ 44,761	$ 1,526	$ 21,277	$ 2,429
2024	47,367	1,389	20,273	2,158
2025	42,936	1,192	16,629	1,854
2026	39,730	1,004	15,804	1,584
2027	25,125	835	14,514	1,327
2028 to 2032	41,085	2,569	46,092	3,849
2033 to 2037	18,150	836	21,133	1,177
2038 to 2042	3,126	109	3,160	121
2043 to 2047	87	9	200	13
2048 to 2052	59	2	42	-
Total	$ 262,426	$ 9,471	$ 159,124	$ 14,512

There were no significant commitments under leases that existed before the commencement of the lease term; no significant losses associated with impairments; no significant sublease or sale-leaseback/lease-leaseback transactions; and no significant collateral as security.

Refer to *Note 5 – Capital and Right-to-Use Assets* for additional information on the total amount of leased assets by major class and related accumulated amortization.

State as Lessor

The State leases land use rights, buildings, office space, and excess facilities owned by institutions of higher education. There are no significant variable payments excluded from the measurement of the lease receivable and no significant inflows of resources from variable or other payments not previously included in the measurement of the lease receivable. The lease receivable at June 30, 2022 is $837 thousand for governmental activities and $103.2 million for business-type activities.

The State recognized rental income of $164 thousand for governmental activities and $18.7 million for business-type activities and interest income on leases of $3 thousand for governmental activities and $2.9 million for business-type activities. Inflows of resources recognized in the reporting period for variable and other payments not previously included in the measurement of the lease receivable are $7.7 million. There are no significant leases with options for the lessee to terminate the lease or abate payments if the State issues debt for which the principal and interest payments are secured by the lease payments.

There are no significant leases of assets that are held as investments; no significant regulated leases; and no leasing of assets to other entities considered to be a principal and ongoing operation of the State.

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 $2,137.6 million in available net revenue after operating expenses to meet the $243.8 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 2022, the State recorded $346.5 million of interest costs, of which $159.4 million was recorded by governmental activities and $187.1 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $5.4 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $15.6 million of interest on Certificates of Participation issued by the Judicial Branch, and $53.9 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program. The business-type activities interest cost primarily comprises $144.8 million of interest on revenue bonds issued by institutions of higher education, $7.8 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, and $34.4 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, 2022, are as follows:

(Amounts in Thousands)

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

Fiscal	Notes Payable		Certificates of Participation		Totals	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 23,638	$ 2,195	$ 116,616	$ 174,142	$ 140,254	$ 176,337
2024	20,424	1,674	209,310	168,139	229,734	169,813
2025	16,466	1,249	128,920	161,929	145,386	163,178
2026	12,983	904	127,700	155,537	140,683	156,441
2027	10,514	601	142,395	148,457	152,909	149,058
2028 to 2032	17,498	745	908,485	625,044	925,983	625,789
2033 to 2037	223	4	820,865	426,305	821,088	426,309
2038 to 2042	-	-	1,068,470	203,034	1,068,470	203,034
2043 to 2047	-	-	268,495	27,420	268,495	27,420
Subtotals	101,746	7,372	3,791,256	2,090,007	3,893,002	2,097,379
Unamortized Prem/Discount	-	-	560,049	-	560,049	-
Totals	$ 101,746	$ 7,372	$ 4,351,305	$ 2,090,007	$ 4,453,051	$ 2,097,379

(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
2023	$ 1,052	$ 31	$ 3,160	$ 8,028	$ 4,212	$ 8,059
2024	292	8	3,375	7,779	3,667	7,787
2025	68	4	9,210	7,266	9,278	7,270
2026	70	2	16,990	15,862	17,060	15,864
2027	-	-	21,835	13,319	21,835	13,319
2028 to 2032	-	-	74,155	28,010	74,155	28,010
2033 to 2037	-	-	171,455	12,964	171,455	12,964
Subtotals	1,482	45	300,180	93,228	301,662	93,273
Unamortized Prem/Discount	-	-	(300)	-	(300)	-
Totals	$ 1,482	$ 45	$ 299,880	$ 93,228	$ 301,362	$ 93,273

(Amounts in Thousands)

Business-Type Activities (Non-Direct Borrowings and Non-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
2023	$ 121,402	$ 116,553	$ 5,668	$ 27,137	$ 15,595	$ 4,017	$ 142,665	$ 147,707
2024	154,339	151,383	6,219	26,928	16,394	3,217	176,952	181,528
2025	375,488	142,940	6,815	26,692	17,235	2,378	399,538	172,010
2026	236,918	131,754	7,475	26,428	18,115	1,495	262,508	159,677
2027	235,589	123,414	8,362	26,135	19,050	566	263,001	150,115
2028 to 2032	788,418	509,821	61,040	124,752	1,800	45	851,258	634,618
2033 to 2037	684,220	351,500	84,593	111,143	-	-	768,813	462,643
2038 to 2042	664,670	199,104	125,037	91,072	-	-	789,707	290,176
2043 to 2047	359,015	90,985	176,435	62,166	-	-	535,450	153,151
2048 to 2052	165,006	38,580	226,795	22,119	-	-	391,801	60,699
2053 to 2057	113,800	11,832	-	-	-	-	113,800	11,832
Subtotals	3,898,865	1,867,866	708,439	544,572	88,189	11,718	4,695,493	2,424,156
Unamortized Prem/Discount	209,212	-	-	-	9,456	-	218,668	-
Unaccreted Interest	(2,032)	-	-	-	-	-	(2,032)	-
Totals	$ 4,106,045	$ 1,867,866	$ 708,439	$ 544,572	$ 97,645	$ 11,718	$ 4,912,129	$ 2,424,156

(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	Mortgages Payable Principal	Mortgages Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2023	$ 7,809	$ 17,333	$ 5,182	$ 5,754	$ 421	$ 380	$ 2,090	$ 372	$ 15,502	$ 23,839
2024	240,744	17,024	15,740	6,726	439	362	2,065	323	258,988	24,435
2025	10,903	14,889	25,750	6,531	457	344	2,125	272	39,235	22,036
2026	12,530	14,186	21,639	5,021	476	325	2,160	220	36,805	19,752
2027	10,530	13,616	25,562	5,769	497	304	2,215	167	38,804	19,856
2028 to 2032	139,550	59,978	48,772	12,750	2,817	238	4,585	169	195,724	73,135
2033 to 2037	231,000	37,866	8,870	6,872	4,248	164	-	-	244,118	44,902
2038 to 2042	86,690	16,745	8,398	5,077	-	-	-	-	95,088	21,822
2043 to 2047	35,855	3,076	10,520	2,955	-	-	-	-	46,375	6,031
2048 to 2052	2,090	158	7,547	538	-	-	-	-	9,637	696
Subtotals	777,701	194,871	177,980	57,993	9,355	2,117	15,240	1,523	980,276	256,504
Unamortized Prem/Discount	19,378	-	-	-	-	-	(7)	-	19,371	-
Unaccreted Interest	-	-	-	-	-	-	-	-	-	-
Totals	$ 797,079	$ 194,871	$ 177,980	$ 57,993	$ 9,355	$ 2,117	$ 15,233	$ 1,523	$ 999,647	$ 256,504

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, 2022, 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
2023	$ 925	$ 591	$ 833	$ 2,349
2024	975	574	810	2,359
2025	1,000	559	786	2,345
2026	1,050	539	761	2,350
2027	1,075	521	736	2,332
2028 to 2032	12,900	2,016	2,845	17,761
2033 to 2037	14,335	850	1,197	16,382
2038 to 2042	3,075	22	31	3,128
Totals	$ 35,335	$ 5,672	$ 7,999	$ 49,006

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, 2022, 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
2023	$ -	$ 940	$ 669	$ 1,609
2024	1,005	937	667	2,609
2025	1,005	923	657	2,585
2026	1,000	909	646	2,555
2027	1,570	892	635	3,097
2028 to 2032	16,475	3,957	2,817	23,249
2033 to 2037	15,385	2,650	1,887	19,922
2038 to 2042	13,935	1,700	1,211	16,846
2043 to 2047	16,280	642	457	17,379
Totals	$ 66,655	$ 13,550	$ 9,646	$ 89,851

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, 2022, 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
2023	$ -	$ -	$ -	$ -
2024	-	4,511	-	4,511
2025	-	4,511	-	4,511
2026	375	4,511	(1,963)	2,923
2027	380	4,511	(1,972)	2,919
2028 to 2032	2,035	22,554	(9,999)	14,590
2033 to 2037	7,645	21,993	(10,011)	19,627
2038 to 2042	12,255	20,355	(9,424)	23,186
2043 to 2047	10,355	18,507	(8,566)	20,296
2048 to 2051	45,765	13,002	(6,234)	52,533
2052 to 2056	29,930	2,819	(1,406)	31,343
Totals	$ 108,740	$ 117,274	$ (49,575)	$ 176,439

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2022, Metropolitan State University's aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Metropolitan State University Interest Rate Swap Agreement				
Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2023	$ -	$ 849	$ 459	$ 1,308
2024	1,465	821	444	2,730
2025	1,535	792	428	2,755
2026	1,590	762	412	2,764
2027	1,655	731	395	2,781
2028 to 2032	9,265	3,143	1,699	14,107
2033 to 2037	11,240	2,158	1,167	14,565
2038 to 2042	13,630	965	522	15,117
2043 to 2047	4,550	-	-	4,550
Totals	$ 44,930	$ 10,221	$ 5,526	$ 60,677

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	Notes Payable	Mortgages Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ 245,327	$ -	$ 4,284,653	$ 4,529,980
Business-Type Activities	5,296,943	717,367	12,450	227,990	$ 6,254,750
Total	$ 5,296,943	$ 962,694	$ 12,450	$ 4,512,643	$ 10,784,730

Direct Borrowings and Direct Placements (Amounts in Thousands)					
	Revenue Bonds	Notes Payable	Mortgages Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ 9,520	$ -	$ 317,750	$ 327,270
Business-Type Activities	847,361	201,047	12,450	34,080	$ 1,094,938
Total	$ 847,361	$ 210,567	$ 12,450	$ 351,830	$ 1,422,208

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

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

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

- The CBI Forensic Laboratory Equipment (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 direct borrowing/direct placement for governmental activities).

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

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

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

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

Derivative Instruments

Colorado 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 positive fair value of $648 thousand as of June 30, 2022. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent asset and a deferred inflow of resources as of fiscal year ended June 30, 2022. The 2015 D Swap Agreement had a notional value of $66.7 million and a negative fair value of $8.2 million as of June 30, 2021. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2021. The 2015 D Swap Agreement 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, 2022 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 positive fair value of $8.3 million as of June 30, 2022. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent asset and a deferred inflow of resources as of fiscal year ended June 30, 2022. The 2015 A Swap Agreement had a notional value of $108.7 million and a negative fair value of $646 thousand as of June 30, 2021. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2021. The 2015 A Swap Agreement 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 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, 2022 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, 2022, RBC's credit rating is rated Aa1 by Moody's, AA- by S&P, and AA by Fitch.

  The Swap Agreement contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $25.0 million at both parties' current credit rating or $10.0 million if the parties credit rating falls to A3/A-.
- Basis Index Risk – Basis Index Risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the System. Basis Index Risk can also result from the use of floating, but different, indices.

Metropolitan State University: On September 30, 2020 MSU Denver executed a Novation agreement which transferred the Hotel and Hospitality Learning Center (HLC) @ Metro Inc's floating to fixed interest rate swap agreement (Swap Agreement) with RBC to the University. This was a part of the University's acquisition of most of the HLC's assets and liabilities on June 30, 2020. The Swap Agreement was entered with the objective of protecting against the potential increase of interest rates. The Swap Agreement had a notional value of $48.7 million and a negative fair value of $516K and $7.1M as of June 30, 2022 and 2021, respectively. The fair value of the Swap Agreement was recorded as a noncurrent liability and a deferred outflow of resources as of fiscal year ended June 30, 2022 and 2021. The Swap Agreement has an effective date of September 1, 2020 and a termination date of July 1, 2042.

Pursuant to the interest rate swap, the University will pay RBC a fixed rate of 2.451% per annum. RBC will pay the University 80% of USD-LIBOR-BBA. In addition, the University was to pay JPMorgan, as owner of the Series 2020 Bonds, 80% of LIBOR, plus 150 basis points. This arrangement produced an interest rate on the Series 2020 Bonds equal to approximately 3.95% and helped ensure the University could leverage a low interest rate in an otherwise unpredictable market. Subsequently, in August 2021 MSU Denver issued its Series 2021, Institutional Enterprise Revenue Refunding bonds directly to PNC Bank to refund the Series 2020 bonds. The Series 2021 bonds required the University to pay PNC Bank 80% of LIBOR plus 46 basis points which produced an effective interest rate of approximately 2.91%. The Series 2021 bonds retained the terms of the swap. MSU Denver classified this Swap Agreement in level 2 of the fair value hierarchy; whereby, RBC, the counterparty to the Swap Agreement, determined the fair value as of June 30, 2022 and 2021 using an indicative mid-market valuation.

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

- Termination Risk – Termination Risk is the need to terminate the transaction in a market that dictates a termination payment by the University. It is possible that a termination payment is required in the event of termination of a Swap Agreement due to a counterparty default. In general, exercising the right to optionally terminate an agreement should produce a benefit to the University, either through receipt of a payment from a termination, or if a termination payment is made by the University, a conversion to a more beneficial debt instrument or credit relationship.
- Credit Risk – Credit Risk is the risk that the counterparty will not fulfill its obligations. MSU Denver considers the Swap Agreement counterparty's (RBC) credit quality rating and whether the counterparty can withstand continuing credit market turmoil. As of June 30, 2022, RBC's credit rating is rated Aa1 by Moody's and AA- by S&P.

  The Swap Agreement contract contains a credit support annex that allows for collateral to be posted if the market value threshold exceeds $5.0 million and the credit rating is equal to A3 as rated by Moody's or A- as rated by S&P, or if threshold is zero but the credit ratings are Baa1 as rated by Moody's or BBB+ as rated by S&P.
- Basis Index Risk – Basis Index Risk arises as a result of movement in the underlying variable rate indices that may not be in tandem, creating a cost differential that could result in a net cash outflow from the University. Basis Index Risk can also result from the use of floating, but different, indices.

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 $35,335,000 and $36,185,000 and a fair value of ($4,525,000) and ($9,645,000) at June 30, 2022 and 2021, 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, 1.787 percent and 0.100 percent at June 30, 2022 and 2021, 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, 2022 and 2021. On the date of the refunding of the Series 2010A Bonds, the fair market value of the swap was ($6,999,000) and was included in the calculation of deferred loss on refunding and is being amortized over the life of the Series 2018A Refunding Bonds. Accumulated amortization of the deferred loss as of June 30, 2022 and 2021 was $3,452,000 and $2,929,000 respectively. Morgan Stanley, counterparty to the Swap Agreement, determined the fair value as of June 30, 2022 and 2021, 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 addressed 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, 2022, Morgan Stanley's long term credit rating is A1 by Moody's and A- 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, 2022 and 2021 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, 2022 and 2021. 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).

NOTE 12 – CHANGES IN LONG-TERM LIABILITIES & SHORT-TERM DEBT

LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2022:

(Amount in Thousands)

	Beginning Balance July 1	Changes Additions	Reductions	Ending Balance June 30	Due Within One Year
Governmental Activities					
Deposits Held In Custody For Others	$ 12,367	$ 1	$ 5,850	$ 18,218	$ 16,736
Accrued Compensated Absences	230,201	18,852	(24,271)	224,782	21,087
Claims and Judgments Payable	186,474	214	(13,806)	172,882	46,036
Leases Payable*	118,219	141,271	2,937	262,427	44,761
Certificates of Participation from Direct Borrowings and Direct Placements**	303,708	-	(3,828)	299,880	3,160
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements**	3,686,225	805,418	(140,338)	4,351,305	116,616
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	2,315	204	(1,036)	1,483	1,052
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Direct Placements	1	78,108	23,636	101,745	23,638
Net Pension Liability	5,874,655	-	(46,349)	5,828,306	-
Other Postemployment Benefits	203,724	-	(21,003)	182,721	-
Other Long-Term Liabilities	228,926	32,712	(26,223)	235,415	-
Total Governmental Activities Long-Term Liabilities	10,846,815	1,076,780	(244,431)	11,679,164	273,086
Business-Type Activities					
Deposits Held In Custody For Others	33,308	-	3,194	36,502	36,477
Accrued Compensated Absences	464,923	62,199	(47,354)	479,768	38,223
Claims and Judgments Payable	53,533	3,171	(757)	55,947	1,014
Leases Payable*	75,135	99,623	(15,636)	159,122	21,276
Derivative Instrument Liabilities	25,602	-	(20,561)	5,041	-
Bonds Payable from Direct Borrowings and Direct Placements***	450,192	395,251	(56,724)	788,719	7,809
Bonds Payable from Non-Direct Borrowings and Non-Direct Placements***	4,488,087	390,398	(764,080)	4,114,405	121,402
Certificates of Participation from Direct Borrowings and Direct Placements	17,796	7	(2,570)	15,233	2,090
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	114,607	-	(16,962)	97,645	15,595
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements****	116,325	70,053	926	187,304	5,574
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Non-Direct Placements****	-	709,343	(873)	708,470	5,697
Net Pension Liability	3,370,077	-	(787,519)	2,582,558	-
Other Postemployment Benefits	1,041,543	326,527	-	1,368,070	-
Other Long-Term Liabilities	139,955	23,734	(20,651)	143,038	-
Total Business-Type Activities Long-Term Liabilities	10,391,083	2,080,306	(1,729,567)	10,741,822	255,157
Total Primary Government Long-Term Liabilities	$ 21,237,898	$ 3,157,086	$ (1,973,998)	$ 22,420,986	$ 528,243

*Beginning balances were restated for FY2022 due to the implementation of GASB 87. Beginning balances are equal to FY21 ending balances plus the balances from the Fund Balance - Accounting Change balance sheet account.

**Total beginning balance for COP is equal to prior year ending balance but there was $14.8 million reclassified from direct to non-direct by a State agency.

***Total beginning balance for Bonds is equal to prior year ending balance but there was a $1.2 million net reclassification between direct and non-direct from two institutions of higher education.

**** Total beginning balance for Notes is equal to prior year ending balance but there was $9.8 million reclassified from non-direct to direct from an institution of higher education.

Liabilities for accrued compensated absences, net pension liabilities, and other postemployment benefits 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, net pension, and OPEB liabilities.

The amounts in the table above for the changes in net pension liability and other postemployment benefits liability are netted and presented as either additions or reductions. See Note 6 for additional information on pensions and Note 7 for additional information on OPEB.

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.*

SHORT-TERM DEBT

Education Loan Program Tax and Revenue Anticipation Notes (ETRAN)

The State Treasurer is authorized by law to issue notes and lend the proceeds to school districts in anticipation of local revenues for school district to be collected later.

On July 20, 2021, the State Treasurer issued $370.0 million of ETRAN, Series 2021A. The coupon rate was 3.7 percent, total interest costs of $12.9 million, premium of $12.6 million, with net interest costs (including cost of issuance) of $0.6 million, or 0.070 percent. The notes matured on June 29, 2022, and were repaid.

On January 19, 2022, the State Treasurer issued $400.0 million of ETRAN, Series 2021B. The coupon rate was 1.19 percent, interest costs of $2.1 million, premium of $1.8 million, with net interest costs (including cost of issuance) of $0.4 million, or 0.175 percent. The notes matured on June 29, 2022 and were repaid.

Other Short-Term Financing

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, for any of the campuses for which the Board has spending authority.

The following schedule shows the changes in short-term financing for the period ended June 30, 2022:

(Amounts in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30
Governmental Activities:				
Education Loan Anticipation Notes	-	770,000	(770,000)	-
Total Governmental Activities Short-Term Financing	-	770,000	(770,000)	-
Business-Type Activities:				
Tax Exempt Commercial Paper	49,690	-	(21,270)	28,420
Total Business-Type Activities Short-Term Financing	49,690	-	(21,270)	28,420
Total Short-Term Financing	$ 49,690	$ 770,000	$ (791,270)	$ 28,420

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 2022, debt was defeased in both governmental and business-type activities.

At June 30, 2022, 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	$ 552,950
Business-Type Activities:	
University of Colorado	783,975
Colorado State University	436,330
Colorado Community College System	39,530
Colorado School of Mines	33,070
Metropolitan State University of Denver	21,520
Total	$ 1,867,375

The Board of Regents of the University of Colorado issued $69.6 million of its 2021C-1 Refunding Bonds to partially defease its Series 2012A-2, 2012B, 2018B, 2019B Bonds. The defeased debt a new debt has various interest rates. The remaining term of the debt was 28 years and the estimated debt service cash flows decreased by $9.6 million. The defeasance resulted in an economic gain of $6.1 million, and book loss of $2.6 million that will be amortized as an adjustment of interest expense over the remaining 28 years of the new debt.

The Board of Regents of the University of Colorado issued $227.6 million of its 2021C-2ABC Refunding Bonds to partially defease its Series 2015A, 2016B-1, 2017A-2 Bonds. The defeased debt a new debt has various interest rates. The remaining term of the debt was 15 years and the estimated debt service cash flows decreased by $19.0 million. The defeasance resulted in an economic gain of $15.9 million, and book loss of $19.0 million that will be amortized as an adjustment of interest expense over the remaining 15 years of the new debt.

The State of Colorado, on behalf of the University of Colorado Denver, issued $9.4 million of its State of Colorado, Certificates of Participants, Series 2021 to partially defease its State of Colorado, Certificates of Participants, Series 2012A. The defeased debt had an interest rate of 2.50 percent, and the new debt had an interest rate of 2.05 percent. The remaining term of the debt was 1 year and the estimated debt service cash flows increased by $1.4 million. The defeasance resulted in an economic loss of $1.4 million, and book loss of $1.5 million that will be amortized as an adjustment of interest expense over the remaining year of the new debt.

The State of Colorado, on behalf of the University of Colorado Denver, issued $63.4 million of its State of Colorado, Certificates of Participants, Series 2021 to partially defease its State of Colorado, Certificates of Participants, Series 2013A. The defeased debt had an interest rate of 5.98 percent, and the new debt had an interest rate of 2.05 percent. The remaining term of the debt was 9 years and the estimated debt service cash flows decreased by $5.9 million. The defeasance resulted in an economic loss of $0.8 million, and book loss of $5.5 million that will be amortized as an adjustment of interest expense over the remaining 9 years of the new debt.

The Board of Governors of Colorado State University issued $46.0 million of its System Enterprise Revenue Refunding Bond, Taxable Series 2021D-1 to partially defease its System Enterprise Revenue Refunding Bonds Series 2015C and 2017C and System Enterprise Revenue Bonds Series 2018 A. The defeased debt had an interest rate of 4.30 percent, and the new debt had an interest rate of 2.71 percent. The remaining term of the debt was 24 years and the estimated debt service cash flows decreased by $4.7 million. The defeasance resulted in an economic gain of $3.0 million, and book loss of $1.6 million that will be amortized as an adjustment of interest expense over the remaining 26 years of the new debt.

The Board of Governors of Colorado State University issued $28.9 million of its System Enterprise Revenue Refunding Bond, Taxable Series 2021D-2 to partially defease its System Enterprise Revenue Bonds Series 2013D and System Enterprise Revenue Refunding Bonds Series 2016B. The defeased debt had an interest rate of 4.31 percent, and the new debt had an interest rate of 2.61 percent. The remaining term of the debt was 17 years and the estimated debt service cash flows decreased by $2.6 million. The defeasance resulted in an economic gain of $1.8 million, and book loss of $1.7 million that will be amortized as an adjustment of interest expense over the remaining 19 years of the new debt.

The Board of Governors of Colorado State University issued $27.7 million of its System Enterprise Revenue Refunding Bond Series 2021E to partially defease its System Enterprise Revenue Refunding Bond Series 2015C. The defeased debt had an interest rate of 3.57 percent, and the new debt had an interest rate of 1.96 percent. The remaining term of the debt was 15 years and the estimated debt service cash flows decreased by $5.3 million. The defeasance resulted in an economic gain of $4.4 million, and book gain of $0.7 million that will be amortized as an adjustment of interest expense over the remaining 15 years of the new debt.

The Board of Trustees of the University of Northern Colorado issued $33.0 million of its Series 2021A Institutional Enterprise Revenue Refunding Bonds Taxable Convertible to Tax Exempt to partially defease its Series 2014A Institutional Enterprise Revenue Refunding Bonds. The defeased debt had an interest rate of 4.43 percent, and the new debt had an interest rate of 1.90 percent. The remaining debt was defeased and the estimated debt service cash flows decreased by $4.6 million. The defeasance resulted in an economic gain of $4.0 million, and book loss of $1.0 million that will be amortized as an adjustment of interest expense over the remaining 13.5 years of the new debt.

The Board of Trustees of Metropolitan State University of Denver issued $23.1 million of its Institutional Enterprise Revenue Refunding Bond (Taxable Convertible to Tax-Exempt) Series 2022A to partially defease its Institutional Enterprise Revenue Bonds (Aerospace and Engineering Sciences Building Project) Series 2016. The defeased debt had an interest rate of 3.49 percent, and the new debt had an interest rate of 3.59 percent. The remaining term of the debt was 24 years and the estimated debt service cash flows decreased by $2.5 million. The defeasance resulted in an economic gain of $1.9 million, and book gain of $0.8 million that will be amortized as an adjustment of interest expense over the remaining 24 years of the new debt.

The Board of Trustees of Metropolitan State University of Denver issued $46.3 million of its Institutional Enterprise Revenue Refunding Bond (Hotel Refinancing Project) Series 2021 to partially defease its Institutional Enterprise Revenue Refunding Bond (Hotel Refinancing Project) Series 2020. The defeased debt had an interest rate of 3.95 percent, and the new debt had an interest rate of 2.91 percent. The remaining term of the debt was 21 years and the estimated debt service cash flows decreased by $5.6 million. The defeasance resulted in an economic gain of $5.0 million, and no book loss/gain.

The Board of Trustees of Colorado Mesa University issued $33.3 million of its Enterprise Refunding Bond Series 2022A&B&C to partially defease its Enterprise Revenue Bonds Series 2012A&B, Enterprise Revenue Bonds Series 2013, and Enterprise Revenue Bonds Series 2016. The defeased debt had an interest rate of 4.20 percent, and the new debt had an interest rate of 2.16 percent. The remaining term of the debt was 11.4 years and the estimated debt service cash flows decreased by $5.6 million. The defeasance resulted in an economic gain of $4.9 million, and book loss of $1.7 million that will be amortized as an adjustment of interest expense over the remaining 11.2 years of the new debt.

POLLUTION REMEDIATION OBLIGATIONS

Various state agencies 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 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 placed on an Environmental Protection Agency (EPA) list that ranks sites according to a process that assesses current or potential health impacts. The following individually significant items are all Superfund sites under the control of the Department of Public Health and Environment.

The State's total amount of pollution remediation obligations as of June 30, 2022 was $204.9 million, of which $6.5 million is a current liability. Individually significant pollution remediation obligations are disclosed below:

- The Department of Public Health & Environment recorded a liability for remediation activities in the Clear Creek Basin of approximately $85.7 million related to a number of inactive precious metal mines that caused contamination in surface water and soil in the basin. The liability includes remediation and site clean-up activities, projected post-remediation operating and monitoring costs, the State operation of an existing water treatment plant, and operation of a water treatment plant. Current operating and maintenance costs are estimated at $1.5 million beginning in Fiscal Year 2022, increasing to approximately $2.6 million in Fiscal Year 2029, with a projected annual increase of 2 percent thereafter. The department shares the remaining costs to complete the remediation projects with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA for 10 years. After this time, the State assumes 100 percent of the operating and maintenance costs. Costs are estimated based on past experience with similar construction projects adjusted for such factors as differences in water flow needing treatment, previous site studies, preliminary design work, and cost changes for labor, materials, etc. Operating costs are similarly estimated giving consideration to generally the same factors as for construction costs.

- The Department of Public Health & Environment recorded a liability for remediation activities at the Summitville Mine of approximately $91.4 million related to the operation of a water treatment plant. The mine is located in the San Juan Mountains, surrounded by the Rio Grande National Forest. The operating and maintenance costs of the treatment plant are to be shared with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA through Fiscal Year 2022. Beginning in Fiscal Year 2023, the State will assume 100 percent of the operating costs of the treatment plant, with a projected total cost of approximately $2.0 million per year, with a projected annual increase of 2 percent thereafter. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact operating costs. At of June 30, 2022, the State has $0.6 million in recoveries funded from other responsible parties.

- The Department of Public Health & Environment recorded a liability for remediation activities at the Bonita Peak Mining District site is located near Silverton, Colorado for approximately $6.0 million. The Bonita Peak Mining District is within the Mineral Creek, Cement Creek, and the Upper Animas River drainages. The site consists of 48 historic mines or mining-related sources where ongoing releases of metal-laden water and sediments occur within Mineral Creek, Cement Creek, and the Upper Animas. An interim record of decision (IROD) establishes a site-wide repository for disposing of site-related mine waste from remedial action cleanups, sludge generated at the water treatment plant, and waste from future water treatment operations. The projected five-year costs are $0.1 million per year for the first four years with a $1.0 million projected cost in Fiscal Year 2026. The site-wide repository is estimated at $0.3 million per year for a five-year period ending in Fiscal Year 2027. The State's share of O&M is not projected to start until Fiscal Year 2028, where projected annual costs are $0.1 million, with a 2% annual increase thereafter. Approximately 20 of the 48 sites do not have viable responsible parties. Therefore, these sites will likely be addressed using a fund-financed remedial action of 90% EPA and 10% State, at which time the State's share will increase. As of June 30, 2022, the State has $0.3 million in recoveries funded from other responsible parties.

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

NOTE 14 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent a consumption of assets by the entity that is applicable to a future reporting period, and deferred inflows of resources represent an acquisition of assets by the entity that is applicable to a future reporting period. The table below provides information about amounts reported as deferred outflows/inflows on the *Statement of Net Position* as of June 30, 2022.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows of Resources:			
Refunding Losses	$ 22,698	$ 188,602	$ 211,300
Derivatives	-	516	516
Other	5,639	591	6,230
Other Post Employment Benefits	29,694	409,964	439,658
Pensions	2,321,234	271,878	2,593,112
	2,379,265	871,551	3,250,816
Deferred Inflows of Resources:			
Refunding Gains	414	1,431	1,845
Derivatives	-	9,253	9,253
Lease Components	701	105,340	106,041
Nonexchange Transactions	-	8	8
Other	17,390	1,743	19,133
Unavailable Revenue	795	-	795
Service Concession Arrangements	-	124,929	124,929
Other Post Employment Benefits	75,914	230,482	306,396
Pensions	3,594,295	999,910	4,594,205
	$ 3,689,509	$ 1,473,096	$ 5,162,605

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

Fund balances and net position at July 1, 2021 have been increased (decreased) as follows in order to correct errors:

	(Dollars in Thousands)	
<u>**GOVERNMENTAL ACTIVITIES**</u>		
Nonmajor Governmental Funds		
Federal Special Revenue Fund		
To correct fiscal year 2021 expenditures related to COVID-19 that were reimbursable by FEMA	$ 8,978	
Total Nonmajor Governmental Funds		8,978
TOTAL GOVERNMENTAL ACTIVITIES		**$ 8,978**
<u>**BUSINESS-TYPE ACTIVITIES**</u>		
Major Enterprise Funds		
Unemployment Insurance Fund		
To correct fiscal year 2021 payables to claimants which was overstated by $2.4 billion, and correct a related receivables understatement of $1.4 billion, with a net increase of $978,053.	$ 978,053	
Total Major Enterprise Funds		978,053
TOTAL BUSINESS-TYPE ACTIVITIES		**$ 978,053**

B. ACCOUNTING CHANGES

Fund balance, net position, and fiduciary net position at July 1, 2021 have been increased (decreased) as follows in order to implement the requirements of GASB Statement No. 87 – Leases.

	(Dollars in Thousands)	
<u>**GOVERNMENTAL ACTIVITIES**</u>		
Government-wide Reconciling Items		
General Full Accrual Account Group		
Department of Corrections	$ 221	
Total Government-wide Reconciling Items		221
TOTAL GOVERNMENTAL ACTIVITIES		**$ 221**
<u>**BUSINESS-TYPE ACTIVITIES**</u>		
Major Enterprise Funds		
Higher Education Institutions		
Colorado Community Colleges	$ 20	
Colorado Mesa University	(70)	
Colorado School of Mines	461	
Colorado State University	434	
Fort Lewis College	(2)	
Metropolitan State University	384	
University of Colorado	(11,657)	
Total Enterprise Funds - Major		(10,430)
TOTAL BUSINESS-TYPE ACTIVITIES		**$ (10,430)**
<u>**COMPONENT UNITS**</u>		
Nonmajor Other Component Units		
Statewide Internet Portal Authority	$ 2	
Total Nonmajor Other Component Units		2
TOTAL COMPONENT UNITS		**$ 2**

C. FUND BALANCE

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

(Dollars in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND			
General Government	$ 351,739	$ 2,213,389	$ -
Business, Community and Consumer Affairs	-	241,712	83,302
Education	384,212	62,038	-
Health and Rehabilitation	-	22,219	-
Justice	-	3,710	-
Natural Resources	-	745	-
Social Assistance	-	41,025	-
TOTAL	$ 735,951	$ 2,584,838	$ 83,302
HIGHWAY USERS TAX			
General Government	$ 70,931	$ 39,195	$ -
Health and Rehabilitation	3,716	7	-
Justice	2,396	1,665	-
Natural Resources	600	-	-
Transportation	553,075	17,643	-
TOTAL	$ 630,718	$ 58,510	$ -
OTHER GOVERNMENTAL FUNDS			
General Government	$ 131,066	$ 2,554,047	$ -
Business, Community and Consumer Affairs	88,486	918,632	-
Education	1,072,770	99,403	-
Health and Rehabilitation	19,005	141,835	-
Justice	5	261,337	-
Natural Resources	19,628	1,238,818	-
Social Assistance	-	313,480	-
Transportation	1,900	191,978	-
TOTAL	$ 1,332,860	$ 5,719,530	$ -

D. STABILIZATION ARRANGEMENTS

Restriction on State Appropriations – General Fund Reserve

In accordance with Section 24-75-201.1(1)(d) C.R.S., state general fund appropriations are limited in order to maintain sufficient available budgetary fund balance (the reserve) for the General Fund - General Purpose Revenue Component. For the fiscal year ended June 30, 2022, the required reserve is calculated as thirteen and four-tenths percent of General Purpose Revenue Fund appropriations less exceptions pursuant to Section 24-75-201.1(2) C.R.S. Section 24-75-201.5(1)(a) C.R.S. further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve.

Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. As of June 30, 2022, on a legal budgetary basis the reserve was $1.61 billion. Refer to the Budgetary Comparison Schedule General Fund – General Purpose Revenue Component, and to Note RSI-4 for additional information.

Emergency Reserve

Senate Bill (SB) 21-227 established the State Emergency Reserve Cash Fund effective with the State's fiscal year ended June 30, 2021. SB 21-227 required a transfer of $101.0 million from the General Purpose Revenue Component of the General Fund and a transfer of $100.0 million from the Controlled Maintenance Trust Fund to the to the State Emergency Reserve Cash Fund. The State Emergency Reserve Cash Fund is reported as the Emergency Reserve component of the State's General Fund. Refer to the Combining Balance Sheet – General Fund Components and to the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund Components for additional information. The Emergency Reserve was $112.7 million at June 30, 2022. The Emergency Reserve shall not be expended or appropriated for any purpose other than for an emergency declared by the Governor pursuant to 24-33.5-704(4). Refer to Note RSI-4 for additional information.

E. 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 2022.

F. 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 over expenditures.

(In Thousands)

	Enterprise Funds	Internal Service Funds
State Lottery	$ (20,607)	$ -
Correctional Industries	(21,005)	-
State Nursing Homes	(46,464)	-
Petroleum Storage Tank	(1,340)	-
Central Services	-	(5,112)
Information Technology	-	(223,097)
Capitol Complex	-	(2,191)
Highways	-	(1,218)
Administrative Courts	-	(8,835)
Legal Services	-	(69,258)
Other Internal Service Funds	-	(212)
	$ (89,416)	$ (309,923)

NOTE 16 – INTERFUND TRANSACTIONS

INTERFUND BALANCES

Interfund balances at June 30, 2022, consisted of the following:

(DOLLARS IN THOUSANDS)	DUE FROM						
	General	Federal Special Revenue	Highway Users Tax	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Transportation Enterprise
DUE TO							
General	$ -	$ -	$ 1,371	$ 22,775	$ 669	$ 27,749	$ -
Federal Special Revenue	-	-	-	-	-	-	-
Highway Users Tax	9	-	-	-	-	-	21,099
Other Governmental Funds	37,058	-	158	20,200	1,640	-	-
Higher Education Institutions	40,670	2,826	112	9,942	-	-	-
Healthcare Affordability	3,404	-	-	-	-	-	-
Unemployment Insurance	12	-	18	-	-	-	-
Other Enterprises	1,917	-	-	-	499	-	-
Pension and Other Employee Benefit Trust	74	1	1	22	1,222	-	-
Private Purpose Trust	-	-	-	-	-	-	-
Custodial	-	-	-	-	-	-	-
Total	$ 83,144	$ 2,827	$ 1,660	$ 52,939	$ 4,030	$ 27,749	$ 21,099

(DOLLARS IN THOUSANDS)	DUE FROM						
	Unemployment Insurance	Other Enterprises	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Custodial	Total
DUE TO							
General	$ 2	$ 30,774	$ 449	$ 9	$ -	$ -	$ 83,798
Federal Special Revenue	-	-	-	1	-	-	1
Highway Users Tax	-	-	-	-	-	-	21,108
Other Governmental Funds	19,481	17,044	-	3	-	1,147	96,731
Higher Education Institutions	-	221	-	1	-	-	53,772
Healthcare Affordability	-	-	-	-	-	-	3,404
Unemployment Insurance	-	-	-	-	-	-	30
Other Enterprises	-	10,578	-	-	592	-	13,586
Pension and Other Employee Benefit Trust	-	4	2	-	-	-	1,326
Private Purpose Trust	-	10,516	-	-	-	-	10,516
Custodial	-	4,497	-	-	-	-	4,497
Total	$ 19,483	$ 73,634	$ 451	$ 14	$ 592	$ 1,147	$ 288,769

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.

Of the $40.7 million owed from the General Fund to Institutions of Higher Education, $28.1 million was due from the Department of Higher Education to Institutions of Higher Education for various purposes.

$37.1 million was owed to Other Governmental Funds from the General Fund. $14.5 million of this relates to a transfer to the Economic Recovery and Relief Cash Fund, which is reported in the Environment and Health Protection Fund. An additional $10.1 million of this relates to a transfer to the Capital Complex Master Plan Implementation Fund, which is reported in the Capital Projects Fund.

The $30.8 million due to the General Fund from Other Enterprises primarily consists of amounts owed from the State Lottery Fund as of June 30, 2022 for distributions related to the fourth quarter of Fiscal Year 2022 that were made in Fiscal Year 2023.

The Healthcare Affordability Fund had a payable to the General Fund of $27.7 million. This amount represents Medicaid payments to providers in Fiscal Year 2022 for which the State was reimbursed in Fiscal Year 2023 due to the timing of the receipt of federal monies into the Healthcare Affordability Fund.

The balance of $22.8 million due from Other Governmental Funds to the General Fund consists primarily of $14.1 million due from the Gaming Fund.

The $21.1 million owed from the Transportation Enterprise Fund to the Highway Users Tax Fund represents loans within the Colorado Department of Transportation and are not expected to be paid within one year.

Other Governmental Funds report an internal receivable of $17.0 million from Other Enterprises. Most of this balance, $14.9 million, reflects outstanding loans payable from the Parks and Wildlife Fund to the Resource Extraction Fund that are not expected to be repaid within one year.

INTERFUND TRANSFERS

Interfund transfers for Fiscal Year 2022, consisted of the following:

(DOLLARS IN THOUSANDS)	TRANSFER FROM General	Federal Special Revenue	Highway Users Tax	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability
TRANSFER TO						
General	$ -	$ 4,112	$ 27,402	$ 523,348	$ 6,991	$ 16,060
Federal Special Revenue	423	-	-	-	-	-
Highway Users Tax	377,318	-	-	241,277	-	-
Other Governmental Funds	1,369,560	-	74,628	330,451	4,059	-
Higher Education Institutions	320,818	-	-	214,694	-	-
Other Enterprises	14,862	-	-	6,039	-	-
Internal Service Funds	-	-	-	4,117	-	-
Pension and Other Employee Benefit Trust	-	-	-	1,146	-	-
Total	$ 2,082,981	$ 4,112	$ 102,030	$ 1,321,072	$ 11,050	$ 16,060

(DOLLARS IN THOUSANDS)	TRANSFER FROM Other Enterprises	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Custodial	Total
TRANSFER TO						
General	$ 90,566	$ 7,229	$ 248	$ 30	$ -	$ 675,986
Federal Special Revenue	-	-	-	-	-	423
Highway Users Tax	-	-	-	-	-	618,595
Other Governmental Funds	1,558	78	-	-	422	1,780,756
Higher Education Institutions	-	-	-	-	-	535,512
Other Enterprises	24,303	-	-	-	-	45,204
Internal Service Funds	-	354	-	-	-	4,471
Pension and Other Employee Benefit Trust	-	-	-	-	-	1,146
Total	$ 116,427	$ 7,661	$ 248	$ 30	$ 422	$ 3,662,093

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 $1,369.6 million transferred from the General Fund to Other Governmental Funds includes $218.8 million to the Capital Projects Fund, as directed by Senate Bill 21-224. In addition, $165.7 million of Marijuana Sales Tax Revenues was transferred to the Marijuana Tax Cash Fund, an Other Special Revenue Fund, as directed by Senate Bill 17-267.

Transfers from Other Governmental Funds to the General Fund totaled $523.3 million. The largest of these transfers is $112.4 million of investment income from the State Lands Fund, a Permanent Fund. An additional $97.3 million was transferred from the Retail Marijuana Excise Tax Fund, an Other Special Revenue Fund.

There were $377.3 million of transfers from the General Fund to the Highway Users Tax Fund. This primarily consists of $170.0 million, $124.0 million, $40.0 million, and $36.5 million as prescribed by Senate Bill 21-260, Senate Bill 21-265, Senate Bill 22-180, and House Bill 22-1411, respectively.

$330.5 million is reported as transfers from Other Governmental Funds to Other Governmental Funds. This amount is comprised primarily of $181.3 million of tobacco tax transfers from the 2020 Tax Holding Fund to the State Education Fund.

General Fund transfers to Higher Education Institutions totaled $320.8 million. The majority of these transfers, $183.1 million, were for student financial aid.

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 2022, the following pledges were in place:

The Department of Transportation Statewide Bridge Enterprise pledged $114.7 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 2046. The pledged revenue represents 100 percent of the revenue stream, and $506.9 million of the pledge commitment remains outstanding.

The Department of Transportation High-Performance Transportation Enterprise pledged $8.9 million (gross) of C-470 Express Lanes Senior Revenue Bonds to meet the current year interest payments on debt issued for the cost of designing, engineering, developing and constructing an Express Lanes project on a portion of C-470, widening and replacing adjacent general purpose lanes and rehabilitating or reconstructing related bridges. The debt was originally issued in Fiscal Year 2018 and has a final maturity date of Fiscal Year 2057. The pledged revenue represents 100 percent of the revenue stream, and $401.5 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 $2.0 billion. Individually significant Higher Education Institution pledges include:

- $1.4 billion (net) pledged by the University of Colorado to secure $109.1 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was issued in Fiscal Year 2007 and has a final maturity date of Fiscal Year 2051. The pledged revenue represents approximately 76.8 percent of the revenue stream, and $2.4 billion of the pledge (principal and interest) remains outstanding.

- $207.3 million (net) pledged by Colorado State University to secure $26.7 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 2022 and has a final maturity date of Fiscal Year 2055. The pledged revenue represents 64.0 percent of the total revenue stream, and $1.7 billion of the pledge (principal and interest) remains outstanding.

- $58.8 million (net) pledged by the Colorado School of Mines to secure $19.1 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 74.8 percent of the revenue stream, and $402.7 million of the pledge (principal and interest) remains outstanding.

- $127.7 million (gross) pledged by Metropolitan State University of Denver to secure $10.3 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 $179.6 million of the pledge (principal and interest) remains outstanding.

- $96.6 million (net) pledged by Colorado Mesa University to secure $15.9 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 79.5 percent of the revenue stream and $314.3 million of the pledge (principal and interest) remains outstanding.

- $35.0 million pledged by the University of Northern Colorado to secure $10.3 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 45.7 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. $177.5 million of the pledge (principal and interest) remains outstanding.

- $10.7 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 38.3 percent of the revenue stream, and $143.3 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	$ 2,696,364	$ (682,283)	$ 2,014,082	$ 111,448	$ 107,051	$ 218,499
Statewide Bridge Enterprise	114,658	-	114,658	-	17,181	17,181
High Performance Transportation Enterprise	8,867	-	8,867	-	8,090	8,090
	$ 2,819,889	$ (682,283)	$ 2,137,607	$ 111,448	$ 132,322	$ 243,770

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 $22.1 million.

The University of Colorado reported net appreciation on endowment investments of $21.0 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 $1.7 million of net appreciation on endowment investments that was available for spending. The School reported the related net position in Restricted for Permanent Funds and Endowments –

Expendable on the Statement of Net Position – Proprietary Funds. The School has an authorized spending rate of 4.25% of the rolling 36-month average market value of the endowment investments.

Colorado State University reported negative net appreciation on endowment investments of ($0.5) million. The University reported the related net position in Restricted for Permanent Funds and Endowments – Expendable on the Statement of Net Position – Proprietary Funds. The University spends its investment income as authorized by the University's President.

NOTE 18 – RELATED PARTIES

RELATED ORGANIZATIONS

The following related organizations, for which the State appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14, as amended by GASB Statements No. 39 and 61:

- Colorado Agricultural Development Authority
- Colorado Beef Council Authority
- Colorado Educational and Cultural Facilities Authority
- Colorado Health Benefit Exchange
- Colorado Health Facilities Authority
- Colorado Housing and Finance Authority
- Colorado New Energy Improvement District
- Colorado Sheep and Wool Authority
- Fire and Police Pension Association
- Pinnacol Assurance
- The State Board of the Great Outdoors Colorado Trust Fund
- Venture Capital Authority

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the State cannot impose its will upon these entities and it does not have a financial benefit or burden relationship with them. Detailed financial information may be obtained directly from these organizations.

RELATED PARTY TRANSACTIONS

The Colorado Housing & Finance Authority (CHFA) provides administrative services while serving as a fiscal agent for small business programs to provide relief to business that are affected by COVID-19, helps businesses that typically struggle to get access to a bank loan, and programs that promote energy efficiency and renewable energy in Colorado. The State paid a total of $15.4 million to CHFA for the administration of these programs during Fiscal Year 2022.

The University of Colorado Health (UCHealth) is a legal entity separate from the University of Colorado. Faculty members of the University's School of Medicine perform a majority of their clinical practice and clinical training at UCHealth. The clinical revenue for these clinical services provided by the University's faculty is collected by University Physicians Inc., d/b/a CU Medicine, a blended component unit of the State. The University enters into contracts with UCHealth to support the University's educational mission. During Fiscal Year 2022, UCHealth paid the University $114.7 million, and the University paid UCHealth $15.0 million. At June 30, 2022, the University had accounts receivable from UCHealth of $2.7 million.

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 2022, the Board awarded $84.2 million to the Division of Parks and Wildlife at the Department of Natural Resources. At June 30, 2022, the amount the Division spent on GOCO grants was $38.4 million, and GOCO owed the Department of Natural Resources $9.8 million. Additionally, the GOCO Trust Fund is reported as a fiduciary fund in the State's financial statements. The Department of Treasury recorded deposits of $82.5 million and disbursements of $79.4 million in the GOCO Trust Fund, and the Trust Fund had an ending cash balance of $84.7 million as of June 30, 2022.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, operates the State's health insurance marketplace. During Fiscal Year 2022, the Colorado Health Benefit Exchange received $12.8 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 2022, 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

The State does not have any significant commitments at June 30, 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. 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. In March 2016, PRD transferred the completed 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 $124.9 million, which is included on the *Statement of Net Position*. The table below shows the carrying amount of HPTE's capital assets at fiscal year-end pursuant to the concession arrangement.

Project	Description	Carrying Amount
U.S. 36 Phase II	Tolling Equipment and Software	$ -
U.S. 36 Phase II	Managed Lanes	89,139,183
U.S. 36 Phase II	36 Tolling Stations	78,256

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 $67.6 million, $303.8 million, and $1.8 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, 2022, $11.3 billion of the school district bond is outstanding and no liability has been recorded, as the school districts have been deemed capable of meeting the debt service payments.

CONTINGENCIES

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

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

Grants

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

The federal Department of Health and Human Services, Centers for Medicare and Medicaid (CMS) demanded the State return approximately $38.4 million of performance bonus payments under the Children's Health Insurance Program Reauthorization Act of 2009, on the basis the State improperly included individuals in current enrollment counts. The State is vigorously defending against the recovery demand, but the likelihood of an unfavorable outcome is uncertain.

General Litigation

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

Plaintiffs filed a class action suit on behalf of at least 160 women against the Department of Corrections, alleging violations of the Colorado Anti-Discrimination Act (CADA) for discrimination in a place of public accommodation based on sexual orientation and disability. The State will vigorously defend against an estimated $50.0 million of damage claims in the action, including by invoking any available immunity defenses. The State also intends to reopen discussions with Plaintiffs about potential settlement including changes to CDOC policies and practices.

Multiple lawsuits have been filed against the Department of Higher Education on behalf of all students enrolled at the University of Colorado and Colorado State University who have paid tuition and the mandatory student fees for the Spring 2020 semester. Plaintiffs allege breach of contract and, in the alternative, unjust enrichment. The dispute relates to transition to remote delivery of educational services for the latter portion of the Spring 2020 semester in response to the COVID-19 pandemic. Although the likelihood of an unfavorable outcome is uncertain, should the court award a full refund of fees paid for the portion of the semester during which educational services were delivered remotely to all enrolled students, each institution's liability could potentially exceed $10.0 million. The State will vigorously defend the claims in the action.

The Department of Public Health & Environment has been named as a defendant related to a claim that it ordered a regulatory taking by prohibiting a corporate entity from legally distributing wastewater. Although the plaintiff seeks $70.0 million in compensatory damages, a reliable loss or range of loss cannot be estimated at this time. The likelihood of an unfavorable outcome is 50 percent, and the State is vigorously defending the case.

The Department of Revenue has been named as a defendant in a claim whereby the plaintiff challenges the denial of an income tax refund claim on the basis that retroactive changes in the CARES Act allegedly carried through to Colorado law despite a regulation to the contrary. If plaintiffs win, it would overturn the regulation. It would also have a very significant impact on other taxpayers, with a combined impact of several hundred million dollars. For this case, the Department of Revenue's potential exposure could be in excess of $8.0 million. The State is vigorously defending its position.

A lawsuit filed against the Colorado Department of Transportation (CDOT) arises from the design and construction of approximately one mile of I-25 between City Center Drive and Santa Fe Drive in Pueblo, CO. The plaintiff is claiming that CDOT forced the plaintiff to accelerate construction, and claims that it is entitled to an additional $13.0 million in payments from CDOT due to purported scheduling changes allegedly caused by CDOT. CDOT and its' counsel at the Attorney General's office are vigorously defending this lawsuit.

A dispute entering arbitration filed against the Colorado Department of Transportation (CDOT) arises from the construction of a new peak period shoulder lane on I-70 near Idaho Springs. The contractor alleges that CDOT caused the delays and cost overruns, and claims that it is entitled to additional payments from CDOT. CDOT and its counsel at the Attorney General's office are vigorously defending this matter, but the range of loss is $2.5 to $12.0 million.

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, 2022 is as follows:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Colorado Enterprise Zone Business Tax Credits	$ 103,915.2
Colorado Enterprise Zone Contribution Tax Credits	16,297.6
Job Growth Incentive Tax Credits	49,299.4
Regional Tourism Act	15,802.4
Total	$185,314.6

NOTE 21 – SUBSEQUENT EVENTS

A. DEBT ISSUANCES AND REFUNDINGS

On July 19, 2022, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2022A. The notes mature on June 29, 2023. The total due on that date includes $350 million in principal and $15,878,472 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $10,774,700, an average coupon rate of 4.80%, and a yield of 1.49%.

High Performance Transportation Enterprise
In February 2016, the Colorado Department of Transportation's High Performance Transportation Enterprise entered into a Loan Agreement with Bank of America, N.A. for $23.6 million of which the proceeds were used to fund a portion of the capital construction cost for the I-25 North 120th to E-470 (Segment 3) Express Lanes project, fund three years of capitalized interest and pay cost of issuance expenses. The Segment 3 Express Lanes have been operational since June 2020. Given the availability of existing net toll revenue generated from I-25 North US 36 to 120th (Segment 2) and I-25 Segment 3, the HPTE Board of Directors approved Resolution #402 on November 16, 2022 authorizing a full payoff of the Bank of America, N.A. loan. The final payoff amount was completed on November 22, 2022.

Tolling commencement on the I-70 Mountain Express Lane (MEXL) Westbound occurred on July 7, 2022. The new lane will be open during peak travel times in both the summer and winter seasons to reduce congestion as well as improve travel times and safety on a twelve mile stretch of the I-70 mountain corridor from the Veterans Memorial Tunnel to Empire Junction.

University of Colorado
On September 29, 2022, the University funded a defeasance escrow with Zions Bank as Escrow Agent to defease $50,995,000 of University System Enterprise Revenue Bonds with total scheduled principal and interest of $56,200,000. The escrow deposit and costs of the defeasance provided from University resources totaled $48,900,000. The bonds being defeased were for four projects on the Boulder Campus and are associated with building construction fees originally approved by the Regents and Boulder students in 2004. Defeasance of these bonds and repeal of the associated fees are part of President Saliman's effort to support campus strategic initiatives. The bonds being retired from the defeasance escrow had annual debt service obligation of $9,200,000 in Fiscal Year 2023 to Fiscal Year 2026, $4,300,000 in Fiscal Year 2027 and Fiscal Year 2028 and $1,700,000 in Fiscal Year 2029 to Fiscal Year 2034.

Colorado State University System
On October 7, 2022, the Board of Governors of the Colorado State University System approved the Twenty Third Supplemental Resolution authorizing the System to issue System Enterprise Revenue Refunding Bonds Series 2022 A (Refunding Bonds), in an amount not to exceed $85.0 million, to be used to refund all or a portion of a previously issued bond series and pay certain costs relating to the issuance of the Refunding Bonds. The Twenty Third Supplemental Resolution also amends the definition of Gross Revenues, increasing the amount of Tuition Revenues pledged under the Master Resolution from 10 percent to 100 percent.

Colorado Mesa University
On October 7, 2022, the Board of Trustees for Colorado Mesa University approved a supplemental resolution regarding the issuance of Enterprise Revenue Bonds Series 2022D for amounts not to exceed $19.0 million to construct additional student housing referred to as Wingate Apartments. Pending negotiation of design, construction and financing, and final State approval, the project is anticipated to be completed at the beginning of Fall Semester 2023.

Colorado School of Mines
In Fiscal Year 2020 the University issued Institutional Enterprise Revenue Refunding bonds of $15,675,000. The purchaser of the debt released $11,645,000 at closing on December 2020, and created a line of credit for the remaining $4,030,000. Mines intends to draw this amount in December 2022. The University intends to issue institutional enterprise revenue bonds to fund portions of certain capital projects including the Beck Venture Center, the Labriola Innovation Complex, the Early Childhood Education Center, a new parking garage and classroom building. The total debt is anticipated to be approximately $90,000,000 and issued before the end of the calendar year. The Board of

Trustees approved the increase of tuition revenue pledge from 10 percent to 100 percent of total tuition revenue by amending the Master Enterprise Bond Resolution through the approval of the 19th Supplemental Resolution. The University will apply 100 percent of total tuition revenue to the pledge revenue calculations in Fiscal Year 2023.

B. OTHER

College Assist

College Assist renewed agreements with three outside collection agencies effective November 1, 2022, to collect on defaulted student loans for a one-year term. The agreements may be renewed annually for a one-year term if both parties agree. Collection agencies have been working with borrowers making voluntary payments and providing customer service. Approximately $176.8 million of student loans will be mandatorily assigned to the U.S. Department of Education starting in Fiscal Year 2023 to comply with a Dear Colleague Letter (DCL). As part of the DCL, College Assist received funding from the U.S. Department of Education in the amount of $4.8 million in September 2022. In August 2022, President Joe Biden announced a student loan forgiveness initiative that would forgive $10,000 or $20,000 per a borrower for non-Pell grant recipients and Pell grant recipients, respectively. The initiative will include Federal Family Education Loans held by guarantee agencies. College Assist is awaiting additional guidance from the U.S. Department of Education.

State Board of the Great Outdoors Colorado Trust Fund

On September 20, 2022, The Conservation Fund closed on the sale of the Sand Creek Massacre property to the National Park Service to be incorporated into the Sand Creek Massacre National Historic Site. Effective on September 22, 2022, the loan balance of $2,850,000 was paid in full by The Conservation Fund.

NOTE 22 – DISCRETELY PRESENTED COMPONENT UNITS

As described in Note 1, the State's discretely presented component units (DPCUs) are entities that are legally separate from the State, but included in the reporting entity due to their relationships with the State. This note discusses the significant balances reported in the financial statements for DPCUs and financial items directly related to the State's financial accountability for the DPCUs.

Basis of Accounting

The financial statements for the Colorado Water Resources and Power Development Authority (the Authority), a major DPCU, as well as the nonmajor DPCUs, the Denver Metropolitan Baseball Stadium District (the District) and the Statewide Internet Portal Authority (SIPA), are prepared on the accrual basis of accounting using the economic resources measurement focus and follow GASB standards for governments. The financial information for the Authority and the District is presented for the fiscal year ended December 31, 2021 and the financial information for SIPA is presented for the fiscal year ended June 30, 2022.

The financial information for the University of Colorado Foundation (the Foundation), a major DPCU, is presented for the fiscal year ended June 30, 2022. 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 $346.5 million. This amount comprises $335.2 million held by COLOTRUST (Colorado Local Government Liquid Asset Trust), $2.2 million held in the State Treasurer's Investment Pool, $8.8 million in a Federated Government Obligations Fund, and $0.3 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. For its endowments, 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:

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 – 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 Foundation's investments by type within the fair value hierarchy as of June 30, 2022. In addition to the investments reported at fair value below, the Foundation reports investment assets at cost or present value of $71.0 million.

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

Investment Type	**Fair Value as of 6/30/2022**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Net Asset Value Per Share**
Mutual Funds - Domestic Equities	$ 51,848	$ 51,848	$ -	$ -	$ -
Mutual Funds - International Equities	269,074	269,074	-	-	-
Mutual Funds - Fixed Income	2,013	2,013	-	-	-
Equity Securities	81,755	33,755	-	48,000	-
Fixed-Income Securities	164,792	-	164,792	-	-
Real Estate	90,708	-	-	-	90,708
Private Equity	520,503	-	-	-	520,503
Commingled Equity Securities	687,675	-	-	-	687,675
Absolute Return	352,147	-	-	-	352,147
Venture Capital	318,335	-	-	559	317,776
Commodities	34,024	-	-	-	34,024
Other	824	-	578	246	-
Assets Held Under Split-Interest Agreements	32,654	32,654	-	-	-
Beneficial Interest in Charitable Trusts Held by Others	14,967	-	-	14,967	-
Total	**$ 2,621,319**	**$ 389,344**	**$ 165,370**	**$ 63,772**	**$ 2,002,833**

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 $960.9 million as of December 31, 2021. The scheduled maturities of the loans receivable are below.

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

Year	**Principal**	**Interest**	**Total**
2022	$ 73,004	$ 8,284	$ 81,288
2023	70,682	7,406	78,088
2024	70,544	6,247	76,791
2025	69,738	5,406	75,144
2026	59,699	4,731	64,430
2027 to 2031	268,149	16,279	284,428
2032 to 2036	192,651	8,286	200,937
2037 to 2041	96,823	3,654	100,477
2042 to 2046	36,312	1,379	37,691
2047 to 2051	23,006	277	23,283
2052	281	2	283
Total	**$ 960,889**	**$ 61,951**	**$ 1,022,840**

The Foundation reported contributions receivable of $81.1 million. This amount is net of allowances for uncollectible contributions and net present value discount. Of this amount, $17.3 million is due within one year, $53.1 million is due within one to five years, and $10.7 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. During 2021, the Authority issued 2021 Series A (SRF) Clean Water Refunding Revenue Bonds for $29.1 million and 2021 Series A (SRF) Drinking Water Revolving Fund Refunding Revenue Bonds for $4.7 million. The Authority fully retired five series of Clean Water Revenue Bonds in 2021: 2001 Series A, 2008 Series A, 2010 Series A, 2010 Series B, and 2011 Series A. Additionally, the Authority retired 2005 Series A2 of its Wastewater Revolving Fund Refunding Revenue Bonds and 2011 Series A of its Drinking Water Revenue Bonds.

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
2022	$ 30,005	$ 10,149	$ 40,154
2023	28,620	8,781	37,401
2024	28,500	7,580	36,080
2025	25,220	6,531	31,751
2026	17,270	5,593	22,863
2027 to 2031	69,685	18,110	87,795
2032 to 2036	39,035	7,231	46,266
2037 to 2041	16,020	2,568	18,588
2042 to 2046	5,405	796	6,201
2047 to 2050	2,230	123	2,353
Total	**$ 261,990**	**$ 67,462**	**$ 329,452**

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 2021 are below.

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

	Beginning Balance, 1/1/2021	Additions	Transfers	Retirements	Ending Balance, 12/31/2021
Historical Costs					
Land	$ 20,664	$ -	$ -	$ -	$ 20,664
Land Improvements	13,214	-	-	-	13,214
Buildings	217,653	1,289	-	-	218,942
Construction in Progress	83	146	-	(81)	148
Other Property and Equipment	36,242	392	-	-	36,634
Total Historical Costs	287,856	1,827	-	(81)	289,602
Accumulated Depreciation					
Land Improvements	(6,922)	(214)	-	-	(7,136)
Buildings	(82,194)	(5,952)	-	-	(88,146)
Other Property and Equipment	(26,239)	(1,211)	-	-	(27,450)
Total Accumulated Depreciation	(115,355)	(7,377)	-	-	(122,732)
Net Capital Assets	**$ 172,501**	**$ (5,550)**	**$ -**	**$ (81)**	**$ 166,870**

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 $10.8 million in the fiscal year ending December 31, 2021.

The Foundation reported custodial funds of $570.3 million, held for investment for the University of Colorado. In Fiscal Year 2022, the Foundation assessed 1.5 percent on the University's custodial endowments and 1.0 percent on the University's treasury funds, totaling $6.3 million, to support advancement operations. $199.7 million of distributions were transferred to the University and $34.5 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, 2021, the Authority reported a liability of $3,325,030 for its proportionate share of the collective net pension liability.

The Authority recognized reduction of pension expense of $935,826 and revenue of $0 for support from the State as a nonemployer contributing entity for the fiscal year ended December 31, 2021. At December 31, 2021, 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	$ 82,171	$ -
Changes of assumptions or other inputs	225,775	-
Net difference between projected and actual earnings on pension plan investments	-	680,545
Changes in proportion	3,302	5,379
Contributions subsequent to the measurement date	243,460	-
Total	$ 554,708	$ 685,924

At December 31, 2021, the Authority reported $243,460 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2022	$ (26,729)
2023	(9,917)
2024	(231,377)
2025	(106,653)
	$ (374,676)

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, 2021, the Authority reported a liability of $118,217 for its proportionate share of the collective net OPEB liability.

The Authority recognized OPEB expense of $1,108 for the fiscal year ended December 31, 2021. At December 31, 2021, 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	$ 314	$ 25,990
Changes of assumptions or other inputs	883	7,249
Net difference between projected and actual earnings on OPEB plan investments	-	4,830
Changes in proportion	422	19,868
Contributions subsequent to the measurement date	12,436	-
Total	$ 14,055	$ 57,937

At December 31, 2021, the Authority reported $12,436 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount
2022	$ (12,535)
2023	(11,859)
2024	(12,930)
2025	(12,283)
2026	(6,294)
Thereafter	(417)
	$ (56,318)

Subsequent Event

The Authority issued its State Revolving Fund Revenue Bonds 2022 Series A that closed on May 5, 2022. The $37.2 million proceeds from the issuance will be used to fund loans to governmental municipal borrowers to finance or refinance certain costs of improvements to wastewater treatment facilities, to fund deposit to a debt service reserve account, and to pay costs of issuance. The Bonds have maturity dates starting in 2022 and ending in 2042 with an interest rate of 5.0%.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 3,977,160	
Income Taxes			7,321,280	
Other Taxes			331,270	
Sales and Services			382	
Interest Earnings			62,506	
Other Revenues			20,711	
Transfers-In			274,861	
TOTAL REVENUES AND TRANSFERS-IN			11,988,170	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 13,402	$ 42,223	$ 41,857	$ 366
Corrections	867,693	875,532	859,756	15,776
Education	4,294,113	4,292,201	4,283,388	8,813
Governor	64,228	88,370	80,151	8,219
Health Care Policy and Financing	3,346,716	3,035,230	2,994,832	40,398
Higher Education	1,216,230	1,227,242	1,224,482	2,760
Human Services	1,108,252	1,116,329	1,092,946	23,383
Judicial Branch	624,209	619,591	607,475	12,116
Labor and Employment	20,397	20,397	19,976	421
Law	16,306	16,171	15,031	1,140
Legislative Branch	59,280	59,263	59,229	34
Local Affairs	52,688	48,053	46,699	1,354
Military and Veterans Affairs	11,766	11,766	11,207	559
Natural Resources	44,044	44,044	41,256	2,788
Personnel & Administration	20,066	20,620	19,481	1,139
Public Health and Environment	92,099	91,149	83,187	7,962
Public Safety	173,885	164,588	151,536	13,052
Regulatory Agencies	2,867	2,867	2,848	19
Revenue	91,669	91,590	89,360	2,230
State	271	-	-	-
Treasury	15,986	21,556	20,634	922
SUB-TOTAL OPERATING BUDGETS	12,136,167	11,888,782	11,745,331	143,451
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ -	$ 6,862	$ 1,655	$ 5,207
Corrections	1,283	34,211	9,916	24,295
Education	-	3,945	485	3,460
Governor	53,285	19,976	5,838	14,138
Health Care Policy and Financing	5,489	3,399	1,115	2,284
Higher Education	22,935	222,788	51,956	170,832
Human Services	-	71,450	25,806	45,644
Judicial Branch	4,111	4,111	-	4,111
Labor and Employment	5,250	-	-	-
Local Affairs	-	1,316	13	1,303
Military and Veterans Affairs	-	1,292	302	990
Natural Resources	-	20,701	3,837	16,864
Personnel & Administration	15,787	17,689	5,844	11,845
Public Health and Environment	4,099	2,004	80	1,924
Public Safety	-	2,563	1,247	1,316
Revenue	-	-	-	-
State	1,610	-	-	-
Transportation	500	1,300	500	800
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	114,349	413,607	108,594	305,013
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 12,250,516	$ 12,302,389	$ 11,853,925	$ 448,464
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 134,245	

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, 2022

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 11,574	
Income Taxes			993,499	
Other Taxes			130,840	
Tuition and Fees			3,198,366	
Sales and Services			1,689,641	
Interest Earnings			38,281	
Other Revenues			870,491	
Transfers-In			2,398,157	
Capital Contributions			749	
TOTAL REVENUES AND TRANSFERS-IN			9,331,598	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 40,552	$ 43,095	$ 36,823	$ 6,272
Corrections	69,375	66,409	43,590	22,819
Education	1,534,050	1,420,079	1,362,141	57,938
Governor	317,580	317,616	290,592	27,024
Health Care Policy and Financing	1,666,237	1,734,508	1,536,610	197,898
Higher Education	3,340,474	3,412,089	3,248,966	163,123
Human Services	383,141	368,579	278,831	89,748
Judicial Branch	181,791	178,772	140,593	38,179
Labor and Employment	76,414	77,793	70,471	7,322
Law	80,216	79,057	72,074	6,983
Legislative Branch	1,521	1,521	1,334	187
Local Affairs	48,445	333,647	33,312	300,335
Military and Veterans Affairs	4,280	4,280	1,573	2,707
Natural Resources	344,577	361,751	234,659	127,092
Personnel & Administration	134,765	140,594	127,664	12,930
Public Health and Environment	255,186	263,418	203,556	59,862
Public Safety	281,149	279,544	258,012	21,532
Regulatory Agencies	102,266	102,414	92,449	9,965
Revenue	247,361	254,548	216,844	37,704
State	30,695	30,081	28,216	1,865
Transportation	188,751	58,349	56,036	2,313
Treasury	67,141	67,166	66,304	862
SUB-TOTAL OPERATING BUDGETS	9,395,967	9,595,310	8,400,650	1,194,660
Capital and Multi-Year Budgets:				
Departmental:				
Governor	-	1,927	1,425	502
Higher Education	76,780	137,154	32,512	104,642
Human Services	1,037	5,283	1,428	3,855
Labor and Employment	-	28,814	400	28,414
Natural Resources	57,502	114,594	15,641	98,953
Personnel & Administration	-	5,121	3,268	1,853
Public Health and Environment	-	8,079	3,254	4,825
Public Safety	-	2,208	-	2,208
Transportation	-	1,900	-	1,900
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	135,319	305,080	57,928	247,152
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 9,531,286	$ 9,900,390	$ 8,458,578	1,441,812
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 873,020	

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, 2022

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 8,321,565	
TOTAL REVENUES AND TRANSFERS-IN			8,321,565	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 7,862,094	$ 8,133,397	$ 7,907,981	$ 225,416
Human Services	417,876	410,195	369,983	40,212
Labor and Employment	15,651	16,922	15,894	1,028
Public Health and Environment	19,749	19,749	15,677	4,072
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	8,315,370	8,580,263	8,309,535	270,728
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 8,315,370	$ 8,580,263	$ 8,309,535	$ 270,728
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 12,030	

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

RECONCILING SCHEDULE
ALL BUDGET FUND TYPES
TO ALL GAAP FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUNDS			
	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:				
Revenues and Transfers-In Appropriated (Required Supplementary Information):				
General	$ 11,777,645	$ -	$ -	$ 210,525
Cash	1,138,076	-	330,750	2,805,577
Federal	4,919,699	-	-	83
Sub-Total Revenues and Transfers-In Appropriated	17,835,420	-	330,750	3,016,185
Revenues and Transfers-In Non-Appropriated (Supplementary Information):				
General	2,108,985	-	-	-
Cash	5,387,063	2,055	2,268,221	4,323,152
Federal	6,618,064	598,825	690,598	498,106
Sub-Total Revenues and Transfers-In Non-Appropriated	14,114,112	600,880	2,958,819	4,821,258
Total Revenues and Transfers-In Appropriated and Non-Appropriated	31,949,532	600,880	3,289,569	7,837,443
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):				
General Funded	11,745,244	-	-	108,681
Cash Funded	1,107,270	-	294,157	2,092,155
Federally Funded	4,907,998	-	-	-
Expenditures/Expenses and Transfers-Out Appropriated	17,760,512	-	294,157	2,200,836
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):				
General Funded	1,999,638	-	-	-
Cash Funded	4,957,820	-	2,393,354	3,339,827
Federally Funded	6,681,889	608,030	606,734	374,638
Expenditures/Expenses and Transfers-Out Non-Appropriated	13,639,347	608,030	3,000,088	3,714,465
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	31,399,859	608,030	3,294,245	5,915,301
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	74,908	-	36,593	815,349
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	474,765	(7,150)	(41,269)	1,106,793
BUDGETARY BASIS ADJUSTMENTS:				
Increase/(Decrease) for Unrealized Gains/Losses	(561,657)	(130,339)	(37,684)	(522,733)
Increase/(Decrease) for GAAP Expenditures Not Budgeted	901,209	(7,034)	733,079	1,192,783
Increase/(Decrease) for GAAP Revenue Adjustments	(1,232,614)	1,906	(734,845)	(1,357,123)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	(343,389)	(142,617)	(44,126)	1,235,069
GAAP BASIS FUND BALANCES/NET POSITION:				
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	4,545,664	11,373	752,442	7,436,027
Prior Period Adjustments (See Note 15A)	-	8,978	-	-
Accounting Changes (See Note 15B)	-	-	-	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	4,545,664	20,351	752,442	7,436,027
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 4,202,275	$ (122,266)	$ 708,316	$ 8,671,096

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**
$ -	$ -	$ -	$ -	$ -	$ -	$ 11,988,170	$ -
3,226,820	-	20,469	1,129,598	272,607	405,045	9,328,942	2,656
-	-	-	3,401,653	130	-	8,321,565	-
3,226,820	-	20,469	4,531,251	272,737	405,045	29,638,677	2,656
-	-	-	-	-	-	2,108,985	-
686,497	149,231	723,467	15,878	1,300,806	69,776	14,926,146	3,747,959
2,217	17,056	1,134,913	174,582	406,333	-	10,140,694	-
688,714	166,287	1,858,380	190,460	1,707,139	69,776	27,175,825	3,747,959
3,915,534	166,287	1,878,849	4,721,711	1,979,876	474,821	56,814,502	3,750,615
-	-	-	-	-	-	11,853,925	-
3,184,275	-	3,947	1,007,424	335,640	431,144	8,456,012	2,566
-	-	-	3,401,537	-	-	8,309,535	-
3,184,275	-	3,947	4,408,961	335,640	431,144	28,619,472	2,566
-	-	-	-	-	-	1,999,638	-
402,433	51,871	484,140	17,887	1,059,144	75,614	12,782,090	4,816,326
19,262	-	1,137,574	174,583	468,612	-	10,071,322	-
421,695	51,871	1,621,714	192,470	1,527,756	75,614	24,853,050	4,816,326
3,605,970	51,871	1,625,661	4,601,431	1,863,396	506,758	53,472,522	4,818,892
42,545	-	16,522	122,290	(62,903)	(26,099)	1,019,205	90
267,019	114,416	236,666	(2,010)	179,383	(5,838)	2,322,775	(1,068,367)
(115)	(14,718)	(28)	(8,885)	(40,776)	(2,173)	(1,319,108)	(25,828)
22,098	(26,667)	13,337	34,822	214,099	31,120	3,108,846	(359,847)
5,887	-	4,500	(38,819)	(156,879)	(1,853)	(3,509,840)	363,554
74,423	-	-	-	-	-	74,423	-
411,857	73,031	270,997	107,398	132,924	(4,843)	1,696,301	(1,090,398)
5,375,431	1,363,475	(1,866,682)	67,909	911,882	(298,479)	18,299,042	12,579,848
-	-	978,053	-	-	-	987,031	-
(10,430)	-	-	-		-	(10,430)	-
5,365,001	1,363,475	(888,629)	67,909	911,882	(298,479)	19,275,643	12,579,848
$ 5,776,858	$ 1,436,506	$ (617,632)	$ 175,307	$ 1,044,806	$ (303,322)	20,971,944	$ 11,489,450

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 Annual Comprehensive 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 – Public Employees Retirement Association (PERA) Trust Funds:

The State, Judicial, Denver Public Schools, and Schools Divisions Trust Funds – which are defined benefit cost-sharing multiple-employer pension plans – are administered by the Public Employees' Retirement Association (PERA). The schedule below presents the State's (primary government) proportionate share of the net pension liability for its retirement Trusts. The amounts presented for each Division were determined as of the measurement date, which is the calendar year-end that occurred within the State's fiscal year. Information is not available prior to Calendar Year 2013 for the State and Judicial Divisions, and Calendar Year 2018 for the Denver Public Schools, Schools, and State and Judicial NCE Divisions.

State Division

(Amounts In Thousands)	CY 2021	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	95.53%	95.60%	95.49%	95.40%	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of Net Pension liability	$ 7,045,081	$ 9,066,999	$ 9,265,778	$ 10,855,754	$19,091,149	$17,539,728	$10,079,252	$ 9,016,144	$ 8,539,181
State's covered payroll	$ 3,362,986	$ 3,132,159	$ 3,376,294	$ 3,262,962	$ 2,796,014	$ 2,751,094	$ 2,687,152	$ 2,586,800	$ 2,570,286
State's proportionate share of the net pension liability as a percentage of its covered payroll	209.49%	289.48%	274.44%	332.70%	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	73.05%	65.34%	62.24%	55.11%	43.20%	42.59%	56.11%	59.84%	61.00%

Judicial Division

(Amounts In Thousands)	CY 2021	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	92.75%	93.49%	94.28%	94.06%	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of Net Pension liability	$ 8,507	$ 57,929	$ 85,727	$ 132,873	$ 218,136	$ 239,423	$ 172,824	$ 129,499	$ 102,756
State's covered payroll	$ 59,688	$ 52,027	$ 55,934	$ 55,706	$ 46,764	$ 46,320	$ 44,159	$ 40,114	$ 37,203
State's proportionate share of the net pension liability as a percentage of its covered payroll	14.25%	111.34%	153.27%	238.52%	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	98.11%	87.06%	80.02%	68.48%	58.70%	53.19%	60.13%	66.89%	77.41%

Denver Public Schools Division

(Amounts In Thousands)	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	22.70%	0.00%	30.71%	34.13%
State's proportionate share of Net Pension liability	$ 1,355	$ -	$ 202,321	$ 349,095
Plan fiduciary net position as a percentage of the total pension liability	99.87%	90.48%	84.73%	75.69%

Schools Division

(Amounts In Thousands)	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	10.28%	0.00%	11.26%	12.03%
State's proportionate share of Net Pension liability	$ 1,196,870	$ -	$ 1,681,628	$ 2,129,952
Plan fiduciary net position as a percentage of the total pension liability	74.86%	66.99%	64.52%	57.01%

State Division as a Non-Employer Contributing Entity

(Amounts In Thousands)	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	0.47%	0.00%	0.51%	0.55%
State's proportionate share of Net Pension liability	$ 34,307	$ -	$ 49,203	$ 62,292

Judicial Division as a Non-Employer Contributing Entity

(Amounts In Thousands)	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	0.88%	0.00%	0.64%	0.85%
State's proportionate share of Net Pension liability	$ 81	$ -	$ 582	$ 1,199

*The General Assembly passed House Bill 20-1379 which suspended contributions for Fiscal Year 2021 due to the COVID-19 pandemic; therefore, no liability was recognized. See Note 6 for additional information.

Contributions – Public Employees Retirement Association (PERA) Trust Funds:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the State and Judicial Divisions for each fiscal year ending June 30. For the Fiscal Years 2022, 2020, and 2019 State and Judicial Trust Divisions, figures reported for the contributions as a percentage of covered payroll differs from the actual employer contribution rate specified in statute due to additional contractually required contributions directly distributed to PERA in accordance with Senate Bill 18-200. In addition, the State made statutorily required non-employer contributions for Fiscal Years 2022, 2020, and 2019 to the State and Judicial Trust Divisions not reflected in the table below (see Note 6 for additional information).

State Division

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Contractually required contributions	709,639	625,966	673,795	639,485	541,295	516,932	484,588	$ 446,528	$ 413,694	$ 362,791
Contributions in relation to the contractually required contributions	(709,639)	(625,966)	(673,795)	(639,485)	(541,295)	(516,932)	(484,588)	(446,528)	(413,694)	(362,791)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,556,253	3,144,787	3,455,535	3,320,884	2,829,559	2,767,479	2,725,417	2,645,149	2,590,401	2,479,774
Contributions as a percentage of covered payroll	19.95%	19.90%	19.50%	19.26%	19.13%	18.68%	17.78%	16.88%	15.97%	14.63%

Judicial Division

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Contractually required contributions	$ 10,312	$ 8,488	$ 11,601	$ 10,031	$ 7,754	$ 7,546	$ 7,571	$ 6,878	$ 6,218	$ 5,677
Contributions in relation to the contractually required contributions	(10,312)	(8,488)	(11,601)	(10,031)	(7,754)	(7,546)	(7,571)	(6,878)	(6,218)	(5,677)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	60,170	51,796	57,548	56,296	47,454	46,181	46,332	42,088	38,057	41,019
Contributions as a percentage of covered payroll	17.14%	16.39%	20.16%	17.82%	16.34%	16.34%	16.34%	16.34%	16.34%	13.84%

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

Denver Public Schools Division

	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	$ 19,153	-	$ 19,201	$ 18,622
Contributions in relation to the contractually required contributions	(19,153)	-	(19,201)	(18,622)
Contribution deficiency(excess)	-	-	-	

Schools Division

	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	127,781	-	$ 127,367	$ 126,505
Contributions in relation to the contractually required contributions	127,781	-	(127,367)	(126,505)
Contribution deficiency(excess)	-	-	-	

State Division as a Non-Employer Contributing Entity

	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	$ 3,432	-	$ 3,480	$ 3,607
Contributions in relation to the contractually required contributions	(3,432)	-	(3,480)	(3,607)
Contribution deficiency(excess)	-	-	-	

Judicial Division as a Non-Employer Contributing Entity

	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	$ 99	-	$ 77	$ 82
Contributions in relation to the contractually required contributions	(99)	-	(77)	(82)
Contribution deficiency(excess)	-	-	-	

*The General Assembly passed House Bill 20-1379 which suspended contributions for Fiscal Year 2021 due to the COVID-19 pandemic; therefore, no liability was recognized. See Note 6 for additional information.

Changes in Total Pension Liability and Related Ratios – University of Colorado Alternate Medicare Payments Plan:

The following schedule presents a six-year history (data not available prior to Fiscal Year 2017) of the University of Colorado's changes in total pension liability and related ratios for the Alternate Medicare Payments pension plan for each fiscal year ending June 30. No assets are held in trust to pay for plan benefits; therefore, the plan is not funded.

		Fiscal Year Ending June 30:					
University of Colorado AMP Pension Plan (Amounts in Thousands)		**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service cost	$	7,048	4,854	4,360	3,985	4,262	3,194
Interest on total pension liability		2,771	3,295	3,339	2,751	2,231	2,391
Differences between expected and actual experience		(5,842)	(124)	(3,865)	(109)	(3,377)	(101)
Changes of assumptions		2,700	23,408	4,845	4,940	(3,180)	10,999
Benefit payments		(1,819)	(1,828)	(1,692)	(1,566)	(1,448)	(1,349)
Net change in total pension liability		4,858	29,605	6,987	10,001	(1,512)	15,134
Total pension liability (beginning)		119,804	90,199	83,212	73,211	74,723	59,589
Total pension liability (ending)		124,662	119,804	90,199	83,212	73,211	74,723
Covered-employee payroll	$	1,583,766	1,692,641	1,436,909	1,369,276	1,187,065	943,644
Total Pension liability as a % of payroll		7.87%	7.08%	6.28%	6.08%	6.17%	7.92%

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

PERA State and Judicial Trust Funds

Changes in assumptions or other inputs affecting trends in actuarial information for the PERA State and Judicial Trust Funds are presented on a calendar year basis, which is based on the actuarial valuation measurement date of December 31.

2021 Changes in Assumptions or Other Inputs Since 2020

- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent.

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for State Troopers was changes to the PubS-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:

    - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

    - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

<u>2019 Changes in Assumptions or Other Inputs Since 2018</u>

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

<u>2018 Changes in Assumptions or Other Inputs Since 2017</u>

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

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

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

<u>2017 Changes in Assumptions or Other Inputs Since 2016</u>

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

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

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

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.

2015 Changes in Assumptions or Other Inputs Since 2014

- The SEIR for the Judicial Division was lowered from 6.14 percent to 5.73 percent to reflect the changes to the projection’s valuation basis, a projected year of depletion of the FNP, and the resulting application of the municipal bond index rate from 3.70 percent on the prior measurement date to 3.57 percent on the measurement date.
- The following programming changes were made:
    - Valuation of the full survivor benefit without any reduction for possible remarriage.
    - Reflection of the employer match on separation benefits for all eligible years.
    - Reflection of one year of service eligibility for survivor annuity benefit.
    - Refinement of the 18-month AI timing.
    - Refinements to directly value certain and life, modified cash refund and pop-up benefit forms.

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

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

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

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

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

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

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

University of Colorado Alternate Medicare Payments Plan

Changes in assumptions or other inputs affecting trends in actuarial information for the University of Colorado Alternate Medicare Payments pension plan are presented on a fiscal year basis, which is based on the actuarial valuation measurement date of June 30.

<u>2021 Changes in Assumptions or Other Inputs Since 2020</u>

- Discount rate changed from 2.20 percent to 2.15 percent.

- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale PM-2020 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2021.

- Termination rates and salary scale were updated from the December 31, 2015 Colorado PERA assumption study to the December 31, 2019 Colorado PERA assumption study.

<u>2020 Changes in Assumptions or Other Inputs Since 2019</u>

- Discount rate changed from 3.50 percent to 2.20 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2019 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

<u>2019 Changes in Assumptions or Other Inputs Since 2018</u>

- Discount rate changed from 3.85 percent to 3.50 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2018 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2019.

2018 Changes in Assumptions or Other Inputs Since 2017

- Discount rate changed from 3.60 percent to 3.85 percent.

- Mortality table was updated to reflect the Public Retirement Plans Mortality Tables Report issued by the Society of Actuaries in January 2019. The specific assumption used the PUB- 2010 Teachers Classification Table with generational projection using Scale MP-2018. The impact of this change was an increase in Total Pension Liability of about 10 percent.

2017 Changes in Assumptions or Other Inputs Since 2016

- Discount rate changed from 2.85 percent to 3.60 percent.

- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females.
- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females.

- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:

    - Mortality rates

    - Withdrawal rates

2016 Changes in Assumptions or Other Inputs

- A decrease in the discount rate from 3.85 percent to 2.85 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 2021	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016
State's proportion (percentage) of the collective net OPEB liability	32.11%	32.96%	32.75%	33.40%	33.71%	33.83%
State's proportionate share of the collective net OPEB liability	$ 276,863	$ 313,213	$ 368,098	$ 454,363	$ 438,113	$ 438,677
State's covered payroll	$ 2,918,834	$ 3,102,215	$ 3,023,000	$ 2,923,641	$ 2,842,778	$ 2,797,414
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	9.49%	10.10%	12.18%	15.54%	15.41%	15.68%
Fiduciary net position as a percentage of the total OPEB liability	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the HCTF as of each fiscal year ending June 30:

(Amounts In Thousands)	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013
Contractually required contributions	$ 31,592	$ 31,408	$ 31,659	$ 30,171	$ 29,346	$ 28,699	$ 28,272	$ 27,410	$ 26,810	$ 25,712
Contributions in relation to the contractually required contributions	(31,592)	(31,408)	(31,659)	(30,171)	(29,346)	(28,699)	(28,272)	(27,410)	(26,810)	(25,712)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,097,234	3,079,159	3,103,809	2,957,937	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458	2,520,793
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 LIABILITIES AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

The following schedule presents a five-year history (data not available prior to Fiscal Year 2018) of the University of Colorado's changes in total OPEB liabilities and related ratios for each fiscal year ending June 30. No assets are held in trust to pay for plan benefits; therefore, the plan is not funded.

	Fiscal Year Ending June 30:				
University OPEB Plan (Amounts in Thousands)	2022	2021	2020	2019	2018
Service cost	$ 68,640	49,138	53,400	49,754	53,099
Interest cost	22,068	26,392	34,254	28,404	24,648
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	201,889	287	(206,938)	(1,728)	(87,654)
Changes of assumptions	67,418	168,948	3,678	35,919	(46,406)
Benefit payments	(14,407)	(16,062)	(15,461)	(15,163)	(17,211)
Net change in total OPEB liability	345,608	228,703	(131,067)	97,186	(73,524)
Total OPEB liability (beginning)	941,595	712,892	843,959	746,773	820,297
Total OPEB liability (ending)	1,287,203	941,595	712,892	843,959	746,773
Covered-employee payroll	$ 1,896,938	2,053,724	1,719,840	1,663,010	1,475,177
Total OPEB liability as a % of payroll	67.86%	45.85%	41.45%	50.75%	50.62%

C. SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

PERA Health Care Trust Fund

2021 Changes in Assumptions or Other Inputs Since 2020

- There were no changes made to the actuarial methods or assumptions.

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for State Troopers was changes to the PubS-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:
    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:
    - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
    - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.
- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.
- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

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

University of Colorado OPEB

2021 Changes in Assumptions or Other Inputs Since 2020

- Discount rate changed from 2.20 percent to 2.15 percent.

- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale PM-2020 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2021.

- Retirement rates for PERA employees, termination rates, and salary scale were updated from the December 31, 2015 Colorado PERA assumption study to the December 31, 2019 Colorado PERA assumption study.

- Claims and trend rates were updated to better reflect expected future plan experience.

2020 Changes in Assumptions or Other Inputs Since 2019

- Discount rate changed from 3.50 percent to 2.20 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2019 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

2019 Changes in Assumptions or Other Inputs Since 2018

- Discount rate changed from 3.85 percent to 3.50 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2018 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2019.

- Health care trend rates were updated.

- Health care claim costs and retiree contributions were updated based upon recent expenditures.

2018 Changes in Assumptions or Other Inputs Since 2017

- Discount rate changed from 3.60 percent to 3.85 percent.

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

2017 Changes in Assumptions or Other Inputs Since 2016

- Discount rate changed from 2.85 percent to 3.60 percent.

- Health care trend rates were updated.

- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females.

- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females for PERA participants.

- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:

  - Mortality Rates

  - Withdrawal Rates

  - Retirement rates (apply to PERA participants only)

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 2021 forecast is used for the original budget and the December 2021 forecast is used for the final budget. Charges to appropriations (outflows) for original and final budget are derived from budgeted expenditures recorded in the state's accounting system and agree to appropriations made by the General Assembly.

The original and final budget does not include budgeted amounts for federal grants and contracts, fees and other funding sources/uses, and revenues/expenditures not budgeted because they are currently not forecasted by the Office of State Planning and Budget. Amounts are included in the actual column because the activity is accounted for in this component of the General Fund.

Certain state laws result in budget-to-GAAP differences. Section 24-75-201(2)(a)(II), C.R.S. excludes Medicaid revenues from inflows of budgetary resources but they are revenues for financial reporting. Section 24-75-201(2)(a)(III), C.R.S. excludes Medicaid expenditures from outflows of budgetary resources but they are expenditures for financial reporting. Section 24-75-201(2)(a)(IV), C.R.S. excludes some payroll-related expenditures from outflows of budgetary resources but they are expenditures for financial reporting. Section 24-75-201(2)(a)(IV), C.R.S. excludes specific information technology expenditures from outflows of budgetary resources but they are expenditures for financial reporting purposes. Refer to the Budget-to-GAAP Reconciliation for amounts related to these statutorily-based budget-to-GAAP differences as well as for information on other budget-to-GAAP differences.

State law (Section 24-75-201.1, C.R.S.) restricts state appropriations from this component of the General Fund so that budgetary resources will be available for use in a state fiscal emergency. A state fiscal emergency may be declared by the passage of a joint resolution which is approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor. The statutory reserve for the fiscal year ended June 30, 2022 is $1.6 billion and is the Committed portion of fund balance for the General Purpose Revenue component of the General Fund. 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.

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GENERAL PURPOSE REVENUE COMPONENT
FOR THE YEAR ENDED JUNE 30, 2022
(DOLLARS IN THOUSANDS)

	Forecasted / Budgeted Amounts		Actual Amounts	
	Original	Final	Budgetary Basis	Variance
Budgetary fund balance, July 1, 2021	$ 2,867,536	$ 2,867,536	$ 2,867,536	
Resources (Inflows):				
Sales and use tax	3,993,200	4,334,700	4,580,294	$ 245,594
Other excise taxes	297,800	296,900	109,043	(187,857)
Individual income tax, net	8,419,960	9,784,590	7,162,964	(2,621,626)
Corporate income tax, net	743,140	1,068,510	1,469,315	400,805
Insurance tax	343,900	416,600	390,176	(26,424)
Pari-mutuel, courts, and other	29,700	33,400	39,270	5,870
Investment income	29,200	46,600	69,222	22,622
Transfers-in from other funds	41,300	43,100	54,712	11,612
Amounts available for appropriation	16,765,736	18,891,936	16,742,532	(2,149,404)
Charges to appropriations (outflows):				
Agriculture	44,950	42,223	41,857	366
Corrections	867,847	875,686	859,902	15,784
Early Childhood	-	326	326	-
Education	4,294,583	4,292,201	4,283,022	9,179
Governor	84,498	93,634	85,415	8,219
Health Care Policy and Financing	3,385,141	3,073,656	3,029,910	43,746
Higher Education	1,224,013	1,227,242	1,224,482	2,760
Human Services	1,138,046	1,116,329	1,092,946	23,383
Judicial Branch	624,209	619,591	607,475	12,116
Labor and Employment	20,397	20,397	19,976	421
Law	16,306	16,171	15,031	1,140
Legislative Branch	59,280	59,263	59,229	34
Local Affairs	57,130	52,657	51,230	1,427
Military and Veterans Affairs	11,766	11,766	11,207	559
Natural Resources	44,044	44,044	41,256	2,788
Personnel and Administration	21,255	21,264	20,114	1,150
Public Health and Environment	92,099	90,999	83,187	7,812
Public Safety	173,885	169,677	156,625	13,052
Regulatory Agencies	2,867	2,867	2,848	19
Revenue	226,223	468,921	428,976	39,945
State	271	-	-	-
Treasury	1,239,335	1,565,444	1,566,467	(1,023)
Nondepartmental:				
Transfers-out to capital projects fund	227,503	227,503	227,003	500
Total charges to appropriations	13,855,648	14,091,861	13,908,484	183,377
Budgetary reserves and amounts not forecasted or budgeted:				
Increase in Contingency reserve - C.R.S. 24-75-201.1	(1,298,200)	(1,298,200)	(1,298,200)	
Release of prior year State Controller approved rollforwards	-	-	123,036	
State Controller approved rollforwards	-	-	(83,302)	
Net of revenues not forecasted and expenditures not budgeted	-	-	14,100	
Total budgetary reserves and amounts not forecasted or budgeted	(1,298,200)	(1,298,200)	(1,244,366)	
Budgetary fund balance, June 30, 2022	$ 1,611,888	$ 3,501,875	$ 1,589,682	

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, 2022
(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.	$ 16,742,532
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year	(2,867,536)
Federal revenues not forecasted	11,508,674
Fee revenues and other funding sources not forecasted	812,334
Other revenues not forecasted	310,772
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).	(10,500)
Fair value of investments in excess of cost is excluded from inflows of budgetary resources but is revenue for financial reporting purposes.	(470,499)
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control	(1,154,249)
Transfers are inflows of budgetary resources but are other financing sources for financial reporting purposes.	(227,544)
Capital asset related proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(244,280)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$ 24,399,704
Uses/outflows of resources and reserves:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	13,908,484
Differences - budget to GAAP:	
Expenditures of federal grants and contracts not budgeted	11,562,686
Fee revenue and other funding uses not budgeted	789,878
Other expenditures not budgeted	265,116
Transfers to other funds are outflows of budgetary resources but are other financing uses for financial reporting purposes.	(6,272,874)
Deferred Medicaid expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (II).	(27,884)
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).	(2,292)
Deferred information technology expenditures are excluded from outflows of budgetary resources but are expenditures for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (IV).	(440)
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control.	(1,154,249)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$ 19,068,426

SUPPLEMENTARY INFORMATION

GENERAL FUND COMPONENTS

GENERAL PURPOSE REVENUE	This fund is the general operating fund for state operations and is used unless another fund has been established for a particular activity. The fund consists of general purpose revenues from various tax collections the largest being income and sales taxes.
SPECIAL PURPOSE FUNDS	The State Public School fund is a statutory fund that distributes substantially all of its resources to school districts each year; most of the resources of the fund are transfers from the General Purpose Revenue component of the General 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.
EMERGENCY RESERVE	The Emergency Reserve is part of the State's budgetary stabilization arrangements. The Emergency Reserve shall not be expended or appropriated for any purpose other than for an emergency declared by the Governor pursuant to Section 24-33.5-704(4). Refer to the Stabilization Arrangements section in Note 15 for additional information.

COMBINING BALANCE SHEET
GENERAL FUND COMPONENTS
JUNE 30, 2022

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOL	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	EMERGENCY RESERVE	TOTAL	INTRA-FUND RECEIVABLE ELIMINATIONS	TOTAL
ASSETS:								
Cash and Pooled Cash	$ 5,202,369	$ 1,027	$ 28,931	$ 418,816	$ -	$ 5,651,143	$ -	$ 5,651,143
Taxes Receivable, net	1,651,447	-	-	-	-	1,651,447	-	1,651,447
Other Receivables, net	540,768	5,180	649	13,617	-	560,214	-	560,214
Due From Other Governments	2,060,461	26,364	-	340	-	2,087,165	-	2,087,165
Due From Other Funds	57,254	-	-	48,226	-	105,480	(21,682)	83,798
Inventories	47,144	-	-	-	-	47,144	-	47,144
Prepaids, Advances and Deposits	48,013	-	-	1,247	-	49,260	-	49,260
Restricted Cash and Pooled Cash	4	51,539	-	1,094,359	112,679	1,258,581	-	1,258,581
Restricted Receivables	-	-	-	14,638	-	14,638	-	14,638
Investments	13,858	-	-	-	-	13,858	-	13,858
Other Long-Term Assets	1,536	-	-	27,082	-	28,618	-	28,618
TOTAL ASSETS	$ 9,622,854	$ 84,110	$ 29,580	$ 1,618,325	$ 112,679	$ 11,467,548	$ (21,682)	$ 11,445,866
LIABILITIES:								
Tax Refunds Payable	$ 1,142,706	$ -	$ -	$ -	$ -	$ 1,142,706	$ -	$ 1,142,706
Accounts Payable and Accrued Liabilities	1,381,041	77	491	48,999	-	1,430,608	-	1,430,608
TABOR Refund Liability (Note 2B)	3,848,101	-	-	-	-	3,848,101	-	3,848,101
Due To Other Governments	262,932	21,538	-	57,558	-	342,028	-	342,028
Due To Other Funds	103,401	-	-	1,425	-	104,826	(21,682)	83,144
Unearned Revenue	216,485	-	-	983	-	217,468	-	217,468
Claims and Judgments Payable	590	-	-	-	-	590	-	590
Other Current Liabilities	17,088	-	-	31	-	17,119	-	17,119
Deposits Held In Custody For Others	39	-	-	51	-	90	-	90
Other Long-Term Liabilities	58	-	-	-	-	58	-	58
TOTAL LIABILITIES	6,972,441	21,615	491	109,047	-	7,103,594	(21,682)	7,081,912
DEFERRED INFLOW OF RESOURCES:	157,974	3,705	-	-	-	161,679	-	161,679
FUND BALANCES:								
Nonspendable:								
Inventories	47,144	-	-	-	-	47,144	-	47,144
Prepaids	47,847	-	-	1,247	-	49,094	-	49,094
Restricted	-	57,763	-	678,188	-	735,951	-	735,951
Committed	1,612,200	1,027	29,089	829,843	112,679	2,584,838	-	2,584,838
Assigned	83,302	-	-	-	-	83,302	-	83,302
Unassigned	701,946	-	-	-	-	701,946	-	701,946
TOTAL FUND BALANCES	2,492,439	58,790	29,089	1,509,278	112,679	4,202,275	-	4,202,275
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 9,622,854	$ 84,110	$ 29,580	$ 1,618,325	$ 112,679	$ 11,467,548	$ (21,682)	$ 11,445,866

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GENERAL FUND COMPONENTS FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	GENERAL PURPOSE REVENUE	SPECIAL PURPOSE FUNDS: STATE PUBLIC SCHOOLS	SPECIAL PURPOSE FUNDS: RISK MANAGEMENT	SPECIAL PURPOSE FUNDS: OTHER SPECIAL PURPOSE	EMERGENCY RESERVE	TOTAL	INTRA-FUND TRANSFER ELIMINATIONS	TOTAL
REVENUES:								
Taxes:								
Individual and Fiduciary Income	$ 7,162,964	$ -	$ -	$ -	$ -	$ 7,162,964	$ -	$ 7,162,964
Corporate Income	1,469,315	-	-	-	-	1,469,315	-	1,469,315
Sales and Use	4,580,294	-	-	-	-	4,580,294	-	4,580,294
Excise	109,043	-	-	-	-	109,043	-	109,043
Other Taxes	390,590	-	-	-	-	390,590	-	390,590
Licenses, Permits, and Fines	13,342	-	-	67,676	-	81,018	-	81,018
Charges for Goods and Services	23,224	-	60,590	330	-	84,144	-	84,144
Rents	96	-	-	1	-	97	-	97
Investment Income (Loss)	(398,136)	(1)	(1,203)	(68,656)	29,767	(438,229)	-	(438,229)
Federal Grants and Contracts	10,772,140	-	-	27,207	-	10,799,347	-	10,799,347
Other	276,832	1,429	2,015	45,186	-	325,462	-	325,462
TOTAL REVENUES	24,399,704	1,428	61,402	71,744	29,767	24,564,045	-	24,564,045
EXPENDITURES:								
Current:								
General Government	232,883	-	59,133	8,700	-	300,716	-	300,716
Business, Community, and Consumer Affairs	249,074	-	-	51,185	-	300,259	-	300,259
Education	1,025,585	5,604	-	7,303	-	1,038,492	-	1,038,492
Health and Rehabilitation	1,718,734	-	-	349	-	1,719,083	-	1,719,083
Justice	1,731,903	-	-	663	-	1,732,566	-	1,732,566
Natural Resources	45,245	-	-	128	-	45,373	-	45,373
Social Assistance	10,251,286	-	-	32,762	-	10,284,048	-	10,284,048
Capital Outlay	264,710	-	-	131,241	-	395,951	-	395,951
Intergovernmental:								
Cities	61,502	-	-	49,779	-	111,281	-	111,281
Counties	1,658,190	-	-	17,515	-	1,675,705	-	1,675,705
School Districts	1,493,192	4,080,266	-	301,686	-	5,875,144	-	5,875,144
Special Districts	80,476	-	-	21,548	-	102,024	-	102,024
Federal	5	-	-	-	-	5	-	5
Other	223,054	-	-	407	-	223,461	-	223,461
Debt Service	32,587	-	-	87,880	-	120,467	-	120,467
TOTAL EXPENDITURES	19,068,426	4,085,870	59,133	711,146	-	23,924,575	-	23,924,575
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	5,331,278	(4,084,442)	2,269	(639,402)	29,767	639,470	-	639,470
	6,272,874							
OTHER FINANCING SOURCES (USES):								
Transfers-In	227,544	4,151,293	-	815,374	-	5,194,211	(4,518,225)	675,986
Transfers-Out	(6,272,874)	(176,610)	(1,891)	(31,743)	(118,088)	(6,601,206)	4,518,225	(2,082,981)
Face Amount of Bond/COP Issuance	-	-	-	150,415	-	150,415	-	150,415
Bond/COP Premium/Discount	-	-	-	28,120	-	28,120	-	28,120
Issuance of Leases	244,270	-	-	467	-	244,737	-	244,737
Sale of Capital Assets	10	-	-	-	-	10	-	10
Insurance Recoveries	3	-	851	-	-	854	-	854
TOTAL OTHER FINANCING SOURCES (USES)	(5,801,047)	3,974,683	(1,040)	962,633	(118,088)	(982,859)	-	(982,859)
NET CHANGE IN FUND BALANCES	(469,769)	(109,759)	1,229	323,231	(88,321)	(343,389)	-	(343,389)
FUND BALANCE, FISCAL YEAR BEGINNING	2,962,208	168,549	27,860	1,186,047	201,000	4,545,664	-	4,545,664
FUND BALANCE, FISCAL YEAR END	$ 2,492,439	$ 58,790	$ 29,089	$ 1,509,278	$ 112,679	$ 4,202,275	$ -	$ 4,202,275

OTHER GOVERNMENTAL FUNDS

The following statements present the combining balance sheet for Other Governmental Funds comprising Special Revenue, Debt Service, Capital Projects 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.

Capital Project Funds - These funds are used to account for acquisition, construction, or improvement of State-owned facilities and certain equipment.

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, 2022

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTALS
ASSETS:					
Cash and Pooled Cash	$ 3,421,843	$ -	$ 1,846,820	$ -	$ 5,268,663
Taxes Receivable, net	70,245	-	-	-	70,245
Other Receivables, net	204,359	-	5,011	11,918	221,288
Due From Other Governments	75,839	341	2,154	-	78,334
Due From Other Funds	82,472	-	12,840	1,419	96,731
Inventories	181,625	-	-	-	181,625
Prepaids, Advances and Deposits	62,095	-	-	11	62,106
Restricted Cash and Pooled Cash	1,162,623	147,950	2	120,796	1,431,371
Restricted Investments	-	-	-	1,237,772	1,237,772
Investments	136,569	-	1,533	-	138,102
Other Long-Term Assets	529,665	-	-	22,427	552,092
TOTAL ASSETS	$ 5,927,335	$ 148,291	$ 1,868,360	$ 1,394,343	$ 9,338,329
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	5,639	5,639
LIABILITIES:					
Tax Refunds Payable	$ 11,241	$ -	$ -	$ -	$ 11,241
Accounts Payable and Accrued Liabilities	187,364	3,491	10,914	3,639	205,408
Due To Other Governments	103,714	-	-	5	103,719
Due To Other Funds	44,954	-	7,725	260	52,939
Unearned Revenue	287,484	-	53	-	287,537
Claims and Judgments Payable	104	-	-	-	104
Other Current Liabilities	8,029	-	-	-	8,029
Deposits Held In Custody For Others	218	-	-	-	218
TOTAL LIABILITIES	643,108	3,491	18,692	3,904	669,195
DEFERRED INFLOW OF RESOURCES:	3,677	-	-	-	3,677
FUND BALANCES:					
Nonspendable:					
Inventories	181,625	-	-	-	181,625
Permanent Fund Principal	-	-	-	1,374,975	1,374,975
Prepaids	62,095	-	-	11	62,106
Restricted	1,188,055	144,800	5	-	1,332,860
Committed	3,848,775	-	1,849,663	21,092	5,719,530
TOTAL FUND BALANCES	5,280,550	144,800	1,849,668	1,396,078	8,671,096
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,927,335	$ 148,291	$ 1,868,360	$ 1,399,982	$ 9,343,968

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OTHER GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT	TOTALS
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 894,217	$ -	$ -	$ -	$ 894,217
Corporate Income	99,282	-	-	-	99,282
Sales and Use	54,978	-	-	-	54,978
Excise	437,555	-	-	-	437,555
Other Taxes	582,594	-	-	-	582,594
Licenses, Permits, and Fines	450,226	-	-	-	450,226
Charges for Goods and Services	187,320	-	-	-	187,320
Rents	5,038	-	-	219,879	224,917
Investment Income (Loss)	(187,928)	(6,249)	(88,638)	(131,291)	(414,106)
Federal Grants and Contracts	482,671	-	15,644	-	498,315
Additions to Permanent Funds	311,716	-	-	3,286	315,002
Unclaimed Property Receipts	110,370	-	-	-	110,370
Other	63,450	548	-	36	64,034
TOTAL REVENUES	3,491,489	(5,701)	(72,994)	91,910	3,504,704
EXPENDITURES:					
Current:					
General Government	36,243	-	7,103	1,128	44,474
Business, Community, and Consumer Affairs	512,442	-	-	-	512,442
Education	391,471	-	922	-	392,393
Health and Rehabilitation	206,743	-	1,481	-	208,224
Justice	333,004	-	8,995	-	341,999
Natural Resources	84,342	-	202	15,611	100,155
Social Assistance	237,000	-	8,342	-	245,342
Transportation	5,544	-	-	-	5,544
Capital Outlay	68,602	-	61,205	8,329	138,136
Intergovernmental:					
Cities	133,821	-	-	-	133,821
Counties	155,674	-	13	48	155,735
School Districts	877,887	-	-	-	877,887
Special Districts	31,690	-	-	-	31,690
Federal	1,108	-	-	-	1,108
Other	56,029	-	-	1	56,030
Debt Service	7,821	147,522	2,876	-	158,219
TOTAL EXPENDITURES	3,139,421	147,522	91,139	25,117	3,403,199
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	352,068	(153,223)	(164,133)	66,793	101,505
OTHER FINANCING SOURCES (USES):					
Transfers-In	1,376,702	149,697	254,357	-	1,780,756
Transfers-Out	(769,623)	-	(416,264)	(135,185)	(1,321,072)
Face Amount of Bond/COP Issuance	-	-	500,000	-	500,000
Bond/COP Premium/Discount	-	-	126,883	-	126,883
Issuance of Leases	34,908	-	-	-	34,908
Sale of Capital Assets	17	-	4,538	6,614	11,169
Insurance Recoveries	96	-	824	-	920
TOTAL OTHER FINANCING SOURCES (USES)	642,100	149,697	470,338	(128,571)	1,133,564
NET CHANGE IN FUND BALANCES	994,168	(3,526)	306,205	(61,778)	1,235,069
FUND BALANCE, FISCAL YEAR BEGINNING	4,286,382	148,326	1,543,463	1,457,856	7,436,027
FUND BALANCE, FISCAL YEAR END	$ 5,280,550	$ 144,800	$ 1,849,668	$ 1,396,078	$ 8,671,096

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, 2022

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 1,825,065	$ 21,755	$ 1,846,820
Other Receivables, net	4,733	278	5,011
Due From Other Governments	1,548	606	2,154
Due From Other Funds	12,840	-	12,840
Restricted Cash and Pooled Cash	-	2	2
Investments	-	1,533	1,533
TOTAL ASSETS	$ 1,844,186	$ 24,174	$ 1,868,360
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 10,082	$ 832	$ 10,914
Due To Other Funds	7,725	-	7,725
Unearned Revenue	34	19	53
TOTAL LIABILITIES	17,841	851	18,692
FUND BALANCES:			
Restricted	-	5	5
Committed	1,826,345	23,318	1,849,663
TOTAL FUND BALANCES	1,826,345	23,323	1,849,668
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,844,186	$ 24,174	$ 1,868,360

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUND COMPONENTS
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	REGULAR CAPITAL PROJECTS	SPECIAL CAPITAL PROJECTS	TOTAL
REVENUES:			
Taxes:			
Investment Income (Loss)	$ (87,799)	$ (839)	$ (88,638)
Federal Grants and Contracts	7,403	8,241	15,644
TOTAL REVENUES	(80,396)	7,402	(72,994)
EXPENDITURES:			
Current:			
General Government	3,543	3,560	7,103
Education	714	208	922
Health and Rehabilitation	1,481	-	1,481
Justice	8,383	612	8,995
Natural Resources	202	-	202
Social Assistance	8,130	212	8,342
Capital Outlay	58,077	3,128	61,205
Intergovernmental:			
Counties	13	-	13
Debt Service	2,876	-	2,876
TOTAL EXPENDITURES	83,419	7,720	91,139
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(163,815)	(318)	(164,133)
OTHER FINANCING SOURCES (USES):			
Transfers-In	253,264	1,093	254,357
Transfers-Out	(409,900)	(6,364)	(416,264)
Face Amount of Bond/COP Issuance	500,000	-	500,000
Bond/COP Premium/Discount	126,883	-	126,883
Sale of Capital Assets	-	4,538	4,538
Insurance Recoveries	-	824	824
TOTAL OTHER FINANCING SOURCES (USES)	470,247	91	470,338
NET CHANGE IN FUND BALANCES	306,432	(227)	306,205
FUND BALANCE, FISCAL YEAR BEGINNING	1,519,913	23,550	1,543,463
FUND BALANCE, FISCAL YEAR END	$ 1,826,345	$ 23,323	$ 1,849,668

SPECIAL REVENUE FUNDS

LABOR	This fund accounts for injured workers' medical benefits provided by statutes when the injury is not covered by workers' compensation benefits.
RESOURCE EXTRACTION	This fund accounts for receipts from severance taxes, mineral leasing, and fees associated with the regulation of mining activities. Expenditures include distributions to local governments, regulatory costs, and loans to special districts and local governments for water projects.
STATE EDUCATION	The State Education Fund was created in the State Constitution by a vote of the people in November 2000. The fund's primary revenue source is a tax of one third of one percent on federal taxable income. The revenues are restricted for the purpose of improving Colorado students' primary education by funding specific programs and by guaranteeing appropriation growth of at least one percent greater than annual inflation through Fiscal Year 2010-11, and by inflation thereafter.
GAMING	This fund accounts for operations of the Colorado Gaming Commission and its oversight of gaming operations in the State. It also accounts for the preservation activities of the Colorado Historical Society related to the revenues it receives from gaming.
TOBACCO IMPACT MITIGATION	This fund accounts for receipts directly from the tobacco litigation settlement, earnings on those funds, and the expenditures of programs funded by the tobacco master settlement agreement. In addition, it accounts for tax revenues received from an additional State tax on cigarettes and tobacco products approved by State voters in the 2004 general election and the expenditure of those tax revenues.

RESOURCE MANAGEMENT	This fund accounts for receipts from licenses, rents, and fees related to managing the water, oil and gas resources of the State. Most of the related programs are managed by the Colorado Department of Natural Resources.
ENVIRONMENT AND HEALTH PROTECTION	This fund accounts for a large number of individual programs managed primarily by the Department of Public Health and Environment. The programs are primarily designed to regulate air, water, and other forms of pollution, control the spread of diseases, and regulate activities that impact the health of the citizens of Colorado.
UNCLAIMED PROPERTY	This fund reports the escheats funds managed by the State Treasurer that are not held in trust for claimants. The receipts of the fund are from bank accounts, investment accounts, and insurance proceeds that are placed with the State when the owners of the assets cannot be located. Per statute, the owner's legal rights to the asset are protected in perpetuity; however, historically not all of the assets are claimed. The assets ultimately expected to be claimed and paid are reported as Net Position Held In Trust in the Unclaimed Property Trust Fund, a nonmajor Fiduciary Fund.
OTHER SPECIAL REVENUE	This fund category represents a collection of active funds created in statute that have a wide variety of purposes. Funds in this category also have a broad diversity of revenue types.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2022

(DOLLARS IN THOUSANDS)

	LABOR	RESOURCE EXTRACTION	STATE EDUCATION	GAMING
ASSETS:				
Cash and Pooled Cash	$ 111,673	$ 920,739	$ -	$ 205,053
Taxes Receivable, net	23,775	324	-	16,438
Other Receivables, net	14,842	50,231	-	149
Due From Other Governments	2,891	2,496	-	330
Due From Other Funds	21,052	15,544	-	5,159
Inventories	117,696	62,589	-	-
Prepaids, Advances and Deposits	239	11,214	-	2,206
Restricted Cash and Pooled Cash	104,303	33,059	916,248	8,370
Investments	1,101	-	-	-
Other Long-Term Assets	-	496,173	-	-
TOTAL ASSETS	$ 397,572	$ 1,592,369	$ 916,248	$ 237,705
LIABILITIES:				
Tax Refunds Payable	$ -	$ -	$ -	$ -
Accounts Payable and Accrued Liabilities	36,532	17,402	9,122	5,197
Due To Other Governments	-	77,733	-	22,403
Due To Other Funds	2,717	306	-	21,647
Unearned Revenue	18,188	1,467	-	1,314
Claims and Judgments Payable	92	-	-	-
Other Current Liabilities	583	-	-	-
Deposits Held In Custody For Others	-	-	-	5
TOTAL LIABILITIES	58,112	96,908	9,122	50,566
DEFERRED INFLOW OF RESOURCES:	-	324	-	-
FUND BALANCES:				
Nonspendable:				
Inventories	117,696	62,589	-	-
Prepaids	239	11,214	-	2,206
Restricted	104,303	45,963	907,126	82,610
Committed	117,222	1,375,371	-	102,323
TOTAL FUND BALANCES	339,460	1,495,137	907,126	187,139
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 397,572	$ 1,592,369	$ 916,248	$ 237,705

TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ 115,299	$ 33,829	$ 333,347	$ 383,265	$ 1,318,638	$ 3,421,843
105	-	-	-	29,603	70,245
67,799	42	11,146	1,039	59,111	204,359
1,530	-	43,438	-	25,154	75,839
-	1,501	14,516	-	24,700	82,472
-	-	1,339	-	1	181,625
4	61	101	-	48,270	62,095
-	-	-	-	100,643	1,162,623
-	-	-	123,265	12,203	136,569
-	-	-	-	33,492	529,665
$ 184,737	$ 35,433	$ 403,887	$ 507,569	$ 1,651,815	$ 5,927,335
$ -	$ -	$ -	$ -	$ 11,241	$ 11,241
24,372	263	15,233	420	78,823	187,364
71	555	131	-	2,821	103,714
7,006	24	10,599	-	2,655	44,954
-	10	8,704	-	257,801	287,484
-	-	-	-	12	104
-	29	4,404	-	3,013	8,029
-	-	-	-	213	218
31,449	881	39,071	420	356,579	643,108
105	-	-	-	3,248	3,677
-	-	1,339	-	1	181,625
4	61	101	-	48,270	62,095
35,379	6,666	4,108	-	1,900	1,188,055
117,800	27,825	359,268	507,149	1,241,817	3,848,775
153,183	34,552	364,816	507,149	1,291,988	5,280,550
$ 184,737	$ 35,433	$ 403,887	$ 507,569	$ 1,651,815	$ 5,927,335

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)

	LABOR	RESOURCE EXTRACTION	STATE EDUCATION	GAMING
REVENUES:				
Taxes:				
Individual and Fiduciary Income	$ -	$ -	$ 894,217	$ -
Corporate Income	-	-	99,282	-
Sales and Use	-	-	-	-
Excise	-	-	-	-
Other Taxes	70,767	314,626	-	174,450
Licenses, Permits, and Fines	1,253	4,368	-	3,114
Charges for Goods and Services	97	36,531	-	195
Rents	23	-	-	-
Investment Income (Loss)	(4,889)	(31,827)	(43,481)	(9,721)
Federal Grants and Contracts	91,527	135,000	-	-
Additions to Permanent Funds	-	-	-	-
Unclaimed Property Receipts	-	-	-	-
Other	2,899	17,085	150	4,945
TOTAL REVENUES	161,677	475,783	950,168	172,983
EXPENDITURES:				
Current:				
General Government	1,139	-	-	226
Business, Community, and Consumer Affairs	84,613	7,802	-	54,433
Education	-	-	37,182	14,402
Health and Rehabilitation	65,190	478	-	107
Justice	96,128	-	-	-
Natural Resources	-	81,276	-	610
Social Assistance	329	-	-	-
Transportation	-	-	-	-
Capital Outlay	24	7,713	-	1,896
Intergovernmental:				
Cities	1,242	64,588	-	18,579
Counties	8,503	45,279	-	16,848
School Districts	1,697	2,625	812,800	39
Special Districts	38	24,894	-	261
Federal	38	61	-	-
Other	839	2,103	-	1,850
Debt Service	-	840	92	148
TOTAL EXPENDITURES	259,780	237,659	850,074	109,399
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(98,103)	238,124	100,094	63,584
OTHER FINANCING SOURCES (USES):				
Transfers-In	154,532	423	304,320	12,025
Transfers-Out	(75,772)	(80,386)	(54,871)	(34,955)
Issuance of Leases	-	5,596	-	1,734
Sale of Capital Assets	17	-	-	-
Insurance Recoveries	4	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	78,781	(74,367)	249,449	(21,196)
NET CHANGE IN FUND BALANCES	(19,322)	163,757	349,543	42,388
FUND BALANCE, FISCAL YEAR BEGINNING	358,782	1,331,380	557,583	144,751
FUND BALANCE, FISCAL YEAR END	$ 339,460	$ 1,495,137	$ 907,126	$ 187,139

TOBACCO IMPACT MITIGATION	RESOURCE MANAGEMENT	ENVIRONMENT AND HEALTH PROTECTION	UNCLAIMED PROPERTY	OTHER SPECIAL REVENUE	TOTALS
$ -	$ -	$ -	$ -	$ -	$ 894,217
-	-	-	-	-	99,282
-	-	-	-	54,978	54,978
112,020	-	-	-	325,535	437,555
-	-	-	-	22,751	582,594
96,415	61	52,012	-	293,003	450,226
158	1,982	86,389	-	61,968	187,320
-	-	-	-	5,015	5,038
(5,801)	(1,540)	(6,609)	(47,491)	(36,569)	(187,928)
1,969	-	74,166	-	180,009	482,671
-	-	-	-	311,716	311,716
-	-	-	110,370	-	110,370
645	1,204	13,484	8	23,030	63,450
205,406	1,707	219,442	62,887	1,241,436	3,491,489
405	-	62	2,946	31,465	36,243
-	511	4,294	907	359,882	512,442
3,238	-	-	-	336,649	391,471
26,148	-	74,098	-	40,722	206,743
365	-	76,425	-	160,086	333,004
-	2,416	-	-	40	84,342
105,570	-	57,760	-	73,341	237,000
-	-	316	-	5,228	5,544
7	69	23,368	532	34,993	68,602
902	-	1,503	-	47,007	133,821
25,158	807	2,092	-	56,987	155,674
27,706	-	61	-	32,959	877,887
1,974	-	-	100	4,423	31,690
-	-	884	80	45	1,108
8,656	35	11,470	-	31,076	56,029
64	-	124	114	6,439	7,821
200,193	3,838	252,457	4,679	1,221,342	3,139,421
5,213	(2,131)	(33,015)	58,208	20,094	352,068
45,103	1,500	226,166	3	632,630	1,376,702
(29,942)	(51)	(19,898)	(21,843)	(451,905)	(769,623)
-	-	1,111	-	26,467	34,908
-	-	-	-	-	17
-	-	-	-	92	96
15,161	1,449	207,379	(21,840)	207,284	642,100
20,374	(682)	174,364	36,368	227,378	994,168
132,809	35,234	190,452	470,781	1,064,610	4,286,382
$ 153,183	$ 34,552	$ 364,816	$ 507,149	$ 1,291,988	$ 5,280,550

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, 2022

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
ASSETS:			
Other Receivables, net	$ 11,918	$ -	$ 11,918
Due From Other Funds	1,419	-	1,419
Prepaids, Advances and Deposits	11	-	11
Restricted Cash and Pooled Cash	99,704	21,092	120,796
Restricted Investments	1,237,772	-	1,237,772
Other Long-Term Assets	22,427	-	22,427
TOTAL ASSETS	$ 1,373,251	$ 21,092	$ 1,394,343
DEFERRED OUTFLOW OF RESOURCES:	5,639	-	5,639
LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 3,639	$ -	$ 3,639
Due To Other Governments	5	-	5
Due To Other Funds	260	-	260
TOTAL LIABILITIES	3,904	-	3,904
FUND BALANCES:			
Nonspendable:			
Permanent Fund Principal	1,374,975	-	1,374,975
Prepaids	11	-	11
Committed	-	21,092	21,092
TOTAL FUND BALANCES	1,374,986	21,092	1,396,078
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,378,890	$ 21,092	$ 1,399,982

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES PERMANENT FUNDS FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	STATE LANDS	OTHER	TOTALS
REVENUES:			
Taxes:			
Rents	$ 217,338	$ 2,541	$ 219,879
Investment Income (Loss)	(130,271)	(1,020)	(131,291)
Additions to Permanent Funds	3,286	-	3,286
Other	24	12	36
TOTAL REVENUES	90,377	1,533	91,910
EXPENDITURES:			
Current:			
General Government	1,128	-	1,128
Natural Resources	15,611	-	15,611
Capital Outlay	8,329	-	8,329
Intergovernmental:			
Counties	48	-	48
Other	1	-	1
TOTAL EXPENDITURES	25,117	-	25,117
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	65,260	1,533	66,793
OTHER FINANCING SOURCES (USES):			
Transfers-Out	(135,185)	-	(135,185)
Sale of Capital Assets	6,614	-	6,614
TOTAL OTHER FINANCING SOURCES (USES)	(128,571)	-	(128,571)
NET CHANGE IN FUND BALANCES	(63,311)	1,533	(61,778)
FUND BALANCE, FISCAL YEAR BEGINNING	1,438,297	19,559	1,457,856
FUND BALANCE, FISCAL YEAR END	$ 1,374,986	$ 21,092	$ 1,396,078

OTHER ENTERPRISE FUNDS

These funds account for operations of State agencies that provide a majority of their services to the public on a user charge basis; most of them have been designated by statute as enterprises. The major activities in these funds are:

PARKS AND WILDLIFE	Expenses of this fund are to preserve the State's parks, wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.
COLLEGE ASSIST	This fund records the activities of College Assist, which guarantees Colorado and certain nationwide loans made by private lending institutions in compliance with operating agreements with the U.S. Department of Education to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.
LOTTERY	The State Lottery encompasses the various lottery and lotto games run under Colorado Revised Statutes. The primary revenue source is lottery ticket sales, and the net proceeds are primarily distributed to the Great Outdoors Colorado Program (a related organization), the Conservation Trust Fund, and when receipts are adequate, the General Purpose Revenue Fund. The funds are used primarily for open space purchases and recreational facilities throughout the State.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the State fairgrounds in Pueblo.
CORRECTIONAL INDUSTRIES	This activity reports the production and sale of manufactured goods and farm products that are produced by convicted criminals who are incarcerated in the State prison system.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the State facilities at Fitzsimons, Homelake, Walsenburg, Florence, and Rifle.
PRISON CANTEENS	This activity accounts for the various canteen operations in the State's prison system.
PETROLEUM STORAGE TANK	This activity accounts for grants, registration fees, environmental response surcharges, and penalties associated with the regulation and abatement of fire and safety issues related to above and underground petroleum storage tanks.

OTHER ENTERPRISE ACTIVITIES

The other enterprise activities includes the State and CollegeInvest. The State includes the Business Enterprise Program, which is staffed by the visually impaired and manages food vending operations in State buildings; the Enterprise Services Fund of the Colorado Historical Society, which sells goods at State museums; and various smaller enterprise operations.

COMBINING STATEMENT OF NET POSITION
OTHER ENTERPRISE FUNDS
JUNE 30, 2022

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 350,363	$ 165,551	$ 79,415	$ 12,747
Premiums/Taxes Receivable, net	-	-	-	-
Student and Other Receivables, net	14,160	-	34,288	195
Due From Other Governments	8,217	623	-	-
Due From Other Funds	10,578	-	-	-
Due From Component Units	-	-	-	-
Inventories	1,918	-	1,761	-
Prepaids, Advances and Deposits	3,355	117	5,150	21
Total Current Assets	388,591	166,291	120,614	12,963
Noncurrent Assets:				
Restricted Cash and Pooled Cash	45	-	-	-
Restricted Receivables	-	32,006	-	-
Other Long-Term Assets	882	-	-	682
Depreciable/Amortizable Capital Assets, net	254,463	2,369	4,099	12,876
Land and Nondepreciable Capital Assets	453,003	-	-	4,016
Total Noncurrent Assets	708,393	34,375	4,099	17,574
TOTAL ASSETS	1,096,984	200,666	124,713	30,537
DEFERRED OUTFLOW OF RESOURCES:	26,261	657	1,269	1,827
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	24,622	111	4,273	1,484
Due To Other Governments	-	21,743	35	-
Due To Other Funds	892	-	43,076	-
Unearned Revenue	58,910	-	-	909
Compensated Absences Payable	1,167	107	11	6
Leases Payable	218	223	801	-
Notes, Bonds, and COPs Payable	-	-	-	-
Other Current Liabilities	311	3,689	73,860	4
Total Current Liabilities	86,120	25,873	122,056	2,403
Noncurrent Liabilities:				
Due to Other Funds	14,877	-	-	-
Deposits Held In Custody For Others	25	-	-	-
Accrued Compensated Absences	9,035	117	773	133
Leases Payable	3,369	1,389	3,051	-
Notes, Bonds, and COPs Payable	-	-	-	-
Net Pension Liability	159,595	2,656	14,118	4,529
Other Postemployment Benefits	6,137	78	567	169
Other Long-Term Liabilities	-	-	10	-
Total Noncurrent Liabilities	193,038	4,240	18,519	4,831
TOTAL LIABILITIES	279,158	30,113	140,575	7,234
DEFERRED INFLOW OF RESOURCES:	67,952	961	6,014	3,119
NET POSITION:				
Net investment in Capital Assets:	703,879	-	-	-
Restricted for:				
Other Purposes	31,961	-	2,817	-
Unrestricted	40,295	170,249	(23,424)	22,011
TOTAL NET POSITION	$ 776,135	$ 170,249	$ (20,607)	$ 22,011

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTAL
$ -	$ 16,707	$ 6,544	$ 5,639	$ 243,821	$ 880,787
-	-	-	-	201	201
1,314	-	-	3,705	13,946	67,608
1,089	3,202	-	-	181,623	194,754
499	1,917	-	-	592	13,586
-	131	-	-	-	131
4,353	68	923	-	246	9,269
-	24	-	-	323	8,990
7,255	22,049	7,467	9,344	440,752	1,175,326
-	-	-	-	-	45
-	-	-	-	-	32,006
-	-	-	-	-	1,564
4,379	24,157	1,761	14	11,045	315,163
977	4,537	-	-	4,513	467,046
5,356	28,694	1,761	14	15,558	815,824
12,611	50,743	9,228	9,358	456,310	1,991,150
1,388	9,898	1,380	484	3,400	46,564
2,143	6,626	1,405	2,858	242,863	286,385
-	435	-	-	-	22,213
4,015	-	-	-	10,774	58,757
-	663	-	-	11,947	72,429
146	479	-	16	32	1,964
58	89	-	-	264	1,653
-	242	-	-	70	312
-	224	-	14	-	78,102
6,362	8,758	1,405	2,888	265,950	521,815
-	-	-	-	-	14,877
-	-	-	-	-	25
639	2,403	229	686	1,226	15,241
1,212	-	-	-	1,595	10,616
-	941	-	-	(7)	934
15,999	62,660	5,149	5,086	18,035	287,827
635	2,491	204	199	582	11,062
-	-	-	-	-	10
18,485	68,495	5,582	5,971	21,431	340,592
24,847	77,253	6,987	8,859	287,381	862,407
10,157	29,852	1,878	2,323	8,245	130,501
4,086	-	1,761	14	12,107	721,847
-	-	-	-	-	34,778
(25,091)	(46,464)	(18)	(1,354)	151,977	288,181
$ (21,005)	$ (46,464)	$ 1,743	$ (1,340)	$ 164,084	$ 1,044,806

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
OPERATING REVENUES:				
License and Permits	166,849	-	59	-
Tuition and Fees	92	-	-	-
Sales of Goods and Services	11,540	-	826,879	7,362
Investment Income (Loss)	-	(10,365)	-	-
Rental Income	-	-	-	666
Federal Grants and Contracts	48,075	146,072	-	-
Intergovernmental Revenue	38,147	-	-	-
Other	1,645	2	822	-
TOTAL OPERATING REVENUES	266,348	135,709	827,760	8,028
OPERATING EXPENSES:				
Salaries and Fringe Benefits	87,415	16,529	6,334	4,380
Operating and Travel	107,839	145,416	79,267	3,921
Cost of Goods Sold	1,163	-	18,477	-
Depreciation and Amortization	18,823	438	1,250	1,030
Intergovernmental Distributions	10,048	-	-	-
Debt Service	-	7,810	-	-
Prizes and Awards	1	1,160	538,889	905
TOTAL OPERATING EXPENSES	225,289	171,353	644,217	10,236
OPERATING INCOME (LOSS)	41,059	(35,644)	183,543	(2,208)
NONOPERATING REVENUES AND (EXPENSES):				
Taxes	-	-	-	-
Fines and Settlements	496	-	-	-
Investment Income (Loss)	(16,029)	3,945	(3,617)	(744)
Rental Income	19,998	-	-	-
Gifts and Donations	1,854	-	-	976
Intergovernmental Distributions	-	-	(73,118)	-
Gain/(Loss) on Sale or Impairment of Capital Assets	181	-	-	-
Insurance Recoveries from Prior Year Impairments	112	-	-	-
Debt Service	(23)	-	(42)	-
Other Revenues	15	-	-	1,547
TOTAL NONOPERATING REVENUES (EXPENSES)	6,604	3,945	(76,777)	1,779
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	47,663	(31,699)	106,766	(429)
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	-	-	-	1,999
Additions to Permanent Endowments	-	-	-	-
Transfers-In	35,717	-	-	5,300
Transfers-Out	(4,381)	(120)	(107,930)	(114)
TOTAL CONTRIBUTIONS AND TRANSFERS	31,336	(120)	(107,930)	7,185
CHANGE IN NET POSITION	78,999	(31,819)	(1,164)	6,756
NET POSITION - FISCAL YEAR BEGINNING	697,136	202,068	(19,443)	15,255
NET POSITION - FISCAL YEAR ENDING	$ 776,135	$ 170,249	$ (20,607)	$ 22,011

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
-	-	-	469	16,820	184,197
-	-	-	-	1,228	1,320
33,243	18,162	23,496	-	126,172	1,046,854
-	-	-	-	(1,872)	(12,237)
-	-	-	-	1,630	2,296
-	30,647	-	(9)	181,679	406,464
-	213	-	-	24	38,384
(1,142)	106	990	-	7,803	10,226
32,101	49,128	24,486	460	333,484	1,677,504
2,872	36,929	3,353	10,801	8,650	177,263
8,260	9,239	3,789	26,480	251,434	635,645
17,008	-	15,675	-	164	52,487
577	1,880	239	3	1,675	25,915
-	5,462	-	-	3,612	19,122
-	-	-	-	-	7,810
-	-	86	-	2	541,043
28,717	53,510	23,142	37,284	265,537	1,459,285
3,384	(4,382)	1,344	(36,824)	67,947	218,219
-	-	-	39,725	11,556	51,281
-	-	-	-	12	508
209	(782)	(293)	(375)	(1,444)	(19,130)
56	-	-	-	-	20,054
1	-	-	-	16	2,847
-	-	-	-	-	(73,118)
95	-	-	-	1	277
-	-	-	-	-	112
(177)	(182)	-	-	(48)	(472)
-	-	-	-	-	1,562
184	(964)	(293)	39,350	10,093	(16,079)
3,568	(5,346)	1,051	2,526	78,040	202,140
-	-	-	-	-	1999
-	-	-	-	8	8
-	3,862	-	-	325	45,204
(439)	(2,668)	(83)	-	(692)	(116,427)
(439)	1,194	(83)	-	(359)	(69,216)
3,129	(4,152)	968	2,526	77,681	132,924
(24,134)	(42,312)	775	(3,866)	86,403	911,882
$ (21,005)	$ (46,464)	$ 1,743	$ (1,340)	$ 164,084	$ 1,044,806

COMBINING STATEMENT OF CASH FLOWS
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Tuition, Fees, and Student Loans	$ -	$ -	$ -	$ -
Fees for Service	177,749	-	-	6,300
Receipts for Interfund Services	-	-	-	-
Sales of Products	2,657	-	827,132	-
Gifts, Grants, and Contracts	56,160	137,561	-	-
Income from Property	19,998	-	-	666
Other Sources	43,969	-	881	1,241
Cash Payments to or for:				
Employees	(108,569)	(16,389)	(9,767)	(5,001)
Suppliers	(61,151)	(4,070)	(35,730)	(3,472)
Payments for Interfund Services	(4,409)	(118)	(326)	(100)
Sales Commissions and Lottery Prizes	(9,283)	-	(584,133)	-
Other Governments	(10,048)	-	(35)	-
Other	(14,420)	(164,026)	(71)	(922)
NET CASH PROVIDED BY OPERATING ACTIVITIES	92,653	(47,042)	197,951	(1,288)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers-In	35,717	-	-	7,299
Transfers-Out	(4,381)	(120)	(107,930)	(114)
Receipt of Deposits Held in Custody	1,247	-	-	-
Release of Deposits Held in Custody	(1,249)	-	-	-
Gifts and Grants for Other Than Capital Purposes	1,854	-	-	976
Intergovernmental Distributions	-	-	(69,402)	-
Unclaimed Property Fund Interest	-	-	-	1,542
NonCapital Debt Proceeds	-	-	-	-
NonCapital Debt Service Payments	-	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	33,188	(120)	(177,332)	9,703
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(97,305)	(654)	-	(12,186)
Proceeds from Sale of Capital Assets	42,213	291	789	7,782
Capital Debt Service Payments	-	-	-	-
Lease Payments	(467)	(27)	(2,074)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(55,559)	(390)	(1,285)	(4,404)

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ -	$ 1,226	$ 1,226
424	20,135	-	-	105,281	309,889
8,873	-	-	-	6,180	15,053
23,708	-	23,496	-	1,121	878,114
-	30,054	-	-	169,595	393,370
56	-	-	-	1,619	22,339
175	14	988	39,982	50,744	137,994
(9,779)	(42,344)	(3,291)	(11,009)	(12,036)	(218,185)
(22,265)	(7,427)	(21,185)	(794)	-	(156,094)
(150)	(65)	(159)	(154)	(5,248)	(10,729)
-	-	-	-	(41)	(593,457)
-	(5,397)	-	-	(3,612)	(19,092)
(171)	(2,010)	(87)	(25,690)	(244,273)	(451,670)
871	(7,040)	(238)	2,335	70,556	308,758
-	3,862	-	-	325	47,203
(439)	(2,668)	(83)	-	(692)	(116,427)
-	-	-	-	-	1,247
-	-	-	-	-	(1,249)
1	-	-	-	16	2,847
-	-	-	-	-	(69,402)
-	-	-	-	-	1,542
-	73	-	-	-	73
-	(73)	-	-	-	(73)
(438)	1,194	(83)	-	(351)	(134,239)
(885)	(2,396)	(65)	(6)	(625)	(114,122)
419	1,421	31	-	1	52,947
(68)	(70)	-	-	(651)	(789)
(109)	(103)	-	-	(7)	(2,787)
(643)	(1,148)	(34)	(6)	(1,282)	(64,751)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
OTHER ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	PARKS AND WILDLIFE	COLLEGE ASSIST	STATE LOTTERY	STATE FAIR AUTHORITY
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	3,376	3,945	1,012	5
Increase(Decrease) from Unrealized Gain(Loss) on Investments	(19,408)	-	(4,628)	(744)
NET CASH FROM INVESTING ACTIVITIES	(16,032)	3,945	(3,616)	(739)
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	54,250	(43,607)	15,718	3,272
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	296,158	209,158	63,697	9,475
CASH AND POOLED CASH, FISCAL YEAR END	$ 350,408	$ 165,551	$ 79,415	$ 12,747
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 41,059	$ (35,644)	$ 183,543	$ (2,208)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	18,823	438	1,250	1,030
Investment/Rental Income and Other Revenue in Operating Income	-	-	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	20,870	-	-	-
Compensated Absences Expense	119	4	(6)	11
Interest and Other Expense in Operating Income	20,321	12	17	128
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	9,707	(11,086)	306	(160)
(Increase) Decrease in Inventories	(375)	-	831	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(993)	(10)	237	(551)
(Increase) Decrease in Pension Deferred Outflow	8,811	65	1,128	(1,168)
(Increase) Decrease in OPEB Deferred Outflow	(270)	(3)	-	(67)
Increase (Decrease) in Accounts Payable	922	23	(1,619)	3
Increase (Decrease) in Pension Liability	(41,372)	(264)	(4,332)	711
Increase (Decrease) in OPEB Liability	(628)	(1)	(83)	41
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	3,834	(902)	16,733	1,083
Increase (Decrease) in Pension Deferred Inflow	11,706	328	(44)	(144)
Increase (Decrease) in OPEB Deferred Inflow	119	(2)	(10)	3
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 92,653	$ (47,042)	$ 197,951	$ (1,288)
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	-	-	-	1,999
Loss on Disposal of Capital and Other Assets	(69)	-	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	-	1	-	-

CORRECTIONAL INDUSTRIES	STATE NURSING HOMES	PRISON CANTEENS	PETROLEUM STORAGE TANK	OTHER ENTERPRISE ACTIVITIES	TOTALS
4	199	126	72	673	9,412
206	(981)	(419)	(447)	(3,989)	(30,410)
210	(782)	(293)	(375)	(3,316)	(20,998)
-	(7,776)	(648)	1,954	65,607	88,770
-	24,483	7,192	3,685	178,214	792,062
$ -	$ 16,707	$ 6,544	$ 5,639	$ 243,821	$ 880,832
$ 3,384	$ (4,382)	$ 1,344	$ (36,824)	$ 67,947	$ 218,219
577	1,880	239	3	1,675	25,915
1,317	-	-	-	1,974	3,291
56	-	-	39,725	11,567	72,218
(246)	57	(89)	(22)	(15)	(187)
(1,127)	-	3	6	23	19,383
(238)	(625)	-	(212)	(25,782)	(28,090)
3,039	(15)	76	-	(75)	3,481
622	65	-	-	(155)	(785)
1,756	12,251	231	710	1,578	25,362
8	94	(18)	5	4	(247)
(1,377)	1,388	(1,930)	472	12,800	10,682
(9,283)	(27,248)	(704)	(1,733)	(5,915)	(90,140)
(251)	(652)	-	(36)	(109)	(1,719)
1,275	199	-	-	3,977	26,199
1,255	9,660	603	240	1,027	24,631
104	288	7	1	35	545
$ 871	$ (7,040)	$ (238)	$ 2,335	$ 70,556	$ 308,758
-	-	-	-	-	1,999
95	-	-	-	1	27
-	9	-	-	(18)	(8)

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, 2022

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
ASSETS:				
Current Assets:				
Cash and Pooled Cash	$ 12,952	$ 2,167	$ 16,335	$ 8,053
Other Receivables, net	1,532	-	86	3
Due From Other Governments	-	-	109	-
Inventories	1,815	-	-	87
Prepaids, Advances and Deposits	27	18	8,845	-
Total Current Assets	16,326	2,185	25,375	8,143
Noncurrent Assets:				
Depreciable/Amortizable Capital Assets, net	83,397	8,503	20,747	7,428
Land and Nondepreciable Capital Assets	390	-	327	147
Total Noncurrent Assets	83,787	8,503	21,074	7,575
TOTAL ASSETS	100,113	10,688	46,449	15,718
DEFERRED OUTFLOW OF RESOURCES:	1,575	616	22,106	610
LIABILITIES:				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	4,577	182	17,530	970
Due To Other Governments	(15)	-	-	-
Due To Other Funds	1	-	-	1
Unearned Revenue	-	-	2,035	-
Compensated Absences Payable	-	-	942	-
Leases Payable	300	-	3,822	-
Notes, Bonds, and COPs Payable	19,686	-	-	1,849
Other Current Liabilities	147	-	-	-
Total Current Liabilities	24,696	182	24,329	2,820
Noncurrent Liabilities:				
Accrued Compensated Absences	856	220	9,429	363
Leases Payable	611	-	8,311	-
Notes, Bonds, and COPs Payable	60,535	-	-	5,690
Net Pension Liability	14,127	3,856	177,957	6,492
Other Postemployment Benefits	530	152	6,712	253
Total Noncurrent Liabilities	76,659	4,228	202,409	12,798
TOTAL LIABILITIES	101,355	4,410	226,738	15,618
DEFERRED INFLOW OF RESOURCES:	5,445	1,571	64,914	2,901
NET POSITION:				
Net investment in Capital Assets:	63,191	8,503	8,941	5,726
Unrestricted	(68,303)	(3,180)	(232,038)	(7,917)
TOTAL NET POSITION	$ (5,112)	$ 5,323	$ (223,097)	$ (2,191)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ -	$ 417	$ 2,208	$ 10,223	$ 249	$ 52,604
18	3	19	5	6	1,672
-	-	-	-	-	109
147	-	-	-	-	2,049
-	-	-	286	-	9,176
165	420	2,227	10,514	255	65,610
72	865	285	748	-	122,045
-	-	-	85	-	949
72	865	285	833	-	122,994
237	1,285	2,512	11,347	255	188,604
129	1	718	10,644	319	36,718
18	8	399	4,355	1	28,040
-	-	-	-	-	(15)
449	-	-	-	-	451
-	-	-	-	-	2,035
-	-	-	310	-	1,252
-	-	78	-	-	4,200
-	-	-	-	-	21,535
-	-	-	-	-	147
467	8	477	4,665	1	57,645
-	-	473	2,618	-	13,959
-	-	177	-	-	9,099
-	-	-	-	-	66,225
757	-	7,371	59,916	3	270,479
29	-	286	2,213	-	10,175
786	-	8,307	64,747	3	369,937
1,253	8	8,784	69,412	4	427,582
331	-	3,281	21,837	782	101,062
72	865	30	833	-	88,161
(1,290)	413	(8,865)	(70,091)	(212)	(391,483)
$ (1,218)	$ 1,278	$ (8,835)	$ (69,258)	$ (212)	$ (303,322)

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
OPERATING REVENUES:				
Sales of Goods and Services	$ 73,979	$ 8,945	$ 306,510	$ 21
Rental Income	-	-	-	16,877
Other	-	80	-	-
TOTAL OPERATING REVENUES	73,979	9,025	306,510	16,898
OPERATING EXPENSES:				
Salaries and Fringe Benefits	7,103	1,426	190,061	3,055
Operating and Travel	46,944	6,860	118,850	6,986
Depreciation and Amortization	22,087	4,246	7,007	1,457
Intergovernmental Distributions	344	-	-	-
Prizes and Awards	-	-	-	1
TOTAL OPERATING EXPENSES	76,478	12,532	315,918	11,499
OPERATING INCOME (LOSS)	(2,499)	(3,507)	(9,408)	5,399
NONOPERATING REVENUES AND (EXPENSES):				
Fines and Settlements	2	-	-	-
Investment Income (Loss)	-	(126)	(1,298)	10
Gain/(Loss) on Sale or Impairment of Capital Assets	3,916	-	(73)	80
Debt Service	(1,591)	(56)	(214)	(349)
TOTAL NONOPERATING REVENUES (EXPENSES)	2,327	(182)	(1,585)	(259)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(172)	(3,689)	(10,993)	5,140
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:				
Capital Contributions	749	-	-	-
Transfers-In	373	4,098	-	-
Transfers-Out	(586)	(280)	(886)	(1,762)
TOTAL CONTRIBUTIONS AND TRANSFERS	536	3,818	(886)	(1,762)
CHANGE IN NET POSITION	364	129	(11,879)	3,378
NET POSITION - FISCAL YEAR BEGINNING	(5,476)	5,194	(211,218)	(5,569)
NET POSITION - FISCAL YEAR ENDING	$ (5,112)	$ 5,323	$ (223,097)	$ (2,191)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ 1,269	$ 84	$ 5,948	$ 49,904	$ 5	$ 446,665
-	-	-	-	-	16,877
-	-	-	49	-	129
1,269	84	5,948	49,953	5	463,671
277	1	2,961	40,765	(1,467)	244,182
752	4	1,113	4,159	-	185,668
13	379	85	277	-	35,551
-	-	-	-	-	344
-	-	-	1	-	2
1,042	384	4,159	45,202	(1,467)	465,747
227	(300)	1,789	4,751	1,472	(2,076)
-	-	-	-	-	2
24	-	(109)	(518)	(5)	(2,022)
-	-	-	-	-	3,923
(11)	-	(2)	(6)	-	(2,229)
13	-	(111)	(524)	(5)	(326)
240	(300)	1,678	4,227	1,467	(2,402)
-	-	-	-	-	749
-	-	-	-	-	4,471
-	-	(100)	(4,047)	-	(7,661)
-	-	(100)	(4,047)	-	(2,441)
240	(300)	1,578	180	1,467	(4,843)
(1,458)	1,578	(10,413)	(69,438)	(1,679)	(298,479)
$ (1,218)	$ 1,278	$ (8,835)	$ (69,258)	$ (212)	$ (303,322)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from:				
Fees for Service	$ 3,401	$ -	$ 646	$ 7
Receipts for Interfund Services	72,598	8,945	306,673	15
Sales of Products	7	-	70	-
Gifts, Grants, and Contracts	-	80	-	-
Income from Property	-	-	-	16,877
Other Sources	97	-	704	80
Cash Payments to or for:				
Employees	(10,003)	(2,170)	(210,958)	(4,465)
Suppliers	(41,832)	(111)	(73,833)	(6,653)
Payments for Interfund Services	(3,688)	(6,734)	(57,900)	(771)
Sales Commissions and Lottery Prizes	(1)	-	-	-
Other Governments	(360)	-	-	-
Other	(40)	(1)	(126)	(1)
NET CASH PROVIDED BY OPERATING ACTIVITIES	20,179	9	(34,724)	5,089
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers-In	551	4,098	-	-
Transfers-Out	(586)	(280)	(886)	(1,762)
Receipt of Deposits Held in Custody	1,257	-	-	-
Release of Deposits Held in Custody	(1,492)	-	-	-
NonCapital Debt Proceeds	1	-	-	(1)
NonCapital Debt Service Payments	(1)	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(270)	3,818	(886)	(1,763)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(46,156)	(4,694)	(4,519)	(4,991)
Proceeds from Sale of Capital Assets	26,351	920	(73)	2,770
Capital Debt Service Payments	3	(6)	66	-
Lease Payments	(1,669)	(50)	(214)	(349.00)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(21,471)	(3,830)	(4,740)	(2,570)

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
$ -	$ 31	$ 24	$ 31	$ 6	$ 4,146
21	61	5,912	49,871	7	444,103
1,248	-	-	-	-	1,325
-	-	-	-	-	80
-	-	-	-	-	16,877
-	-	-	49	-	930
(480)	-	(4,747)	(44,337)	(14)	(277,174)
(422)	(13)	(500)	(3,073)	(14)	(126,451)
(363)	-	(584)	(613)	-	(70,653)
-	-	-	-	-	(1)
-	-	-	-	-	(360)
(17)	-	(1)	(1)	(8)	(195)
(13)	79	104	1,927	(23)	(7,373)
-	-	-	-	-	4,649
-	-	(100)	(4,047)	-	(7,661)
-	-	-	-	-	1,257
-	-	-	-	-	(1,492)
-	-	-	-	-	-
-	-	-	-	-	(1)
-	-	(100)	(4,047)	-	(3,248)
-	(34)	(75)	(721)	-	(61,190)
-	25	-	366	-	30,359
(11)	-	-	(6)	-	46
-	-	(2)	-	-	(2,284)
(11)	(9)	(77)	(361)	-	(33,069)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)

	CENTRAL SERVICES	FINANCIAL INFORMATION TECHNOLOGY	INFORMATION TECHNOLOGY	CAPITOL COMPLEX
Interest and Dividends on Investments	-	4	-	10
Increase(Decrease) from Unrealized Gain(Loss) on Investments	-	(130)	(1,298)	-
NET CASH FROM INVESTING ACTIVITIES	-	(126)	(1,298)	10
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	(1,562)	(129)	(41,648)	766
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	14,514	2,296	57,983	7,287
CASH AND POOLED CASH, FISCAL YEAR END	$ 12,952	$ 2,167	$ 16,335	$ 8,053
RECONCILIATION OF OPERATING INCOME TO NET CASH				
PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (2,499)	$ (3,507)	$ (9,408)	$ 5,399
Adjustments to Reconcile Operating Income (Loss)				
to Net Cash Provided by Operating Activities:				
Depreciation	22,087	4,246	7,007	1,457
Investment/Rental Income and Other Revenue in Operating Income	2,265	-	124	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	2	-	-	80
Compensated Absences Expense	(489)	(65)	-	(65)
Interest and Other Expense in Operating Income	460	-	17	(186)
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows Related to Operating Activities:				
(Increase) Decrease in Operating Receivables	(141)	-	705	1
(Increase) Decrease in Inventories	(1,175)	-	-	6
(Increase) Decrease in Other Operating Assets and Deferred Outflows	(10)	36	(2,050)	-
(Increase) Decrease in Pension Deferred Outflow	1,078	11	10,131	527
(Increase) Decrease in OPEB Deferred Outflow	(8)	(11)	(57)	(2)
Increase (Decrease) in Accounts Payable	2,247	(39)	(10,919)	(295)
Increase (Decrease) in Pension Liability	(3,752)	(742)	(46,324)	(2,193)
Increase (Decrease) in OPEB Liability	(58)	(4)	(696)	(41)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	(138)	-	704	1
Increase (Decrease) in Pension Deferred Inflow	324	86	16,037	394
Increase (Decrease) in OPEB Deferred Inflow	(14)	(2)	5	6
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 20,179	$ 9	$ (34,724)	$ 5,089
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:				
Capital Assets Funded by the Capital Projects Fund	571	-	-	-
Loss on Disposal of Capital and Other Assets	3,916	-	(73)	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	3	-	66	-
Assumption of Capital Lease Obligation or Mortgage	865	-	-	-

HIGHWAYS	PUBLIC SAFETY	ADMINISTRATIVE COURTS	LEGAL SERVICES	OTHER INTERNAL SERVICE ACTIVITIES	TOTALS
-	-	24	112	1	151
24	-	(133)	(629)	(7)	(2,173)
24	-	(109)	(517)	(6)	(2,022)
-	70	(182)	(2,998)	(29)	(45,712)
-	347	2,390	13,221	278	98,316
$ -	$ 417	$ 2,208	$ 10,223	$ 249	$ 52,604
$ 227	$ (300)	$ 1,789	$ 4,751	$ 1,472	$ (2,076)
13	379	85	277	-	35,551
-	-	-	-	-	2,389
-	-	-	-	-	82
-	-	(60)	298	(74)	(455)
-	(16)	-	-	-	275
(17)	7	(12)	(1)	6	548
329	-	-	-	-	(840)
-	-	9	83	-	(1,932)
(12)	-	505	2,258	(334)	14,164
(2)	1	(3)	(131)	(12)	(225)
-	8	32	817	(27)	(8,176)
(128)	-	(2,347)	(12,508)	426	(67,568)
(1)	-	(43)	(127)	15	(955)
(363)	-	-	-	(7)	197
(49)	-	149	6,179	(1,459)	21,661
(10)	-	-	31	(29)	(13)
$ (13)	$ 79	$ 104	$ 1,927	$ (23)	$ (7,373)
-	-	-	-	-	571
-	-	-	-	-	3,843
-	-	-	-	-	69
-	-	-	-	-	865

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 subscription 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 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.
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.
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.

CUSTODIAL FUNDS

These funds are held in custody for others. Major items include sales taxes collected for cities and counties; litigation settlement escrow accounts; contractor's performance escrow accounts; 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, 2022

(DOLLARS IN THOUSANDS)	STATE EMPLOYMENT BENEFIT PLANS	INSTITUTIONS OF HIGHER EDUCATION OTHER POST-EMPLOYMENT BENEFITS TRUST	TOTAL
ASSETS:			
Cash and Pooled Cash	$ 87,925	$ 836	$ 88,761
Other Receivables, net	4,514	35,054	39,568
Due From Other Funds	1,326	-	1,326
Prepaids, Advances and Deposits	-	158	158
Investments:			
Government Securities	-	3,120	3,120
Corporate Bonds	-	9,891	9,891
Municipal Bonds	-	1,539	1,539
Private Equities	-	7,732	7,732
Asset Backed Securities	-	620	620
Mortgages	-	6,311	6,311
Mutual Funds	-	65,854	65,854
Other Investments	-	56,191	56,191
TOTAL ASSETS	93,765	187,306	281,071
LIABILITIES:			
Accounts Payable and Accrued Liabilities	11,993	4,683	16,676
Due To Other Funds	14	-	14
Claims and Judgments Payable	25,034	-	25,034
Other Current Liabilities	-	38,671	38,671
Accrued Compensated Absences	52	-	52
TOTAL LIABILITIES	37,093	43,354	80,447
NET POSITION:			
Restricted for:			
OPEB	-	143,952	143,952
Held in Trust for:			
Pension/Benefit Plan Participants	56,672	-	56,672
TOTAL NET POSITION	$ 56,672	$ 143,952	$ 200,624

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
JUNE 30, 2022

(DOLLARS IN THOUSANDS)	STATE EMPLOYMENT BENEFIT PLANS	INSTITUTIONS OF HIGHER EDUCATION OTHER POST-EMPLOYMENT BENEFITS TRUST	TOTAL
ADDITIONS:			
Member Contributions	$ 76,406	$ 1,966	$ 78,372
Employer Contributions	415,680	278	415,958
Investment Income/(Loss)	(3,834)	(5,880)	(9,714)
Other Additions	9,306	375,274	384,580
Transfers-In	1,146	-	1,146
TOTAL ADDITIONS	498,704	371,638	870,342
DEDUCTIONS:			
Distributions to Participants	-	3,363	3,363
Health Insurance Premiums Paid	309,061	-	309,061
Health Insurance Claims Paid	156,310	-	156,310
Other Benefits Plan Expense	29,373	-	29,373
Administrative Expense	15,902	-	15,902
Other Deductions	351	353,475	353,826
Transfers-Out	248	-	248
TOTAL DEDUCTIONS	511,245	356,838	868,083
CHANGE IN NET POSITION	(12,541)	14,800	2,259
NET POSITION - FISCAL YEAR BEGINNING	69,213	129,152	198,365
NET POSITION - FISCAL YEAR ENDING	$ 56,672	$ 143,952	$ 200,624

COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2022

(DOLLARS IN THOUSANDS)	TREASURER'S	COLLEGE SAVINGS PLAN	OTHER	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 253,202	$ 90,283	$ 10,659	$ 354,144
Other Receivables, net	45	10,654	684	11,383
Due From Other Funds	-	10,516	-	10,516
Investments:				
Government Securities	15,663	-	5,594	21,257
Corporate Bonds	-	-	6,490	6,490
Mutual Funds	-	9,439,548	358	9,439,906
Other Investments	-	642,786	-	642,786
TOTAL ASSETS	268,910	10,193,787	23,785	10,486,482
LIABILITIES:				
Accounts Payable and Accrued Liabilities	-	10,469	4,362	14,831
Due To Other Funds	-	592	-	592
Unearned Revenue	-	12,572	4,873	17,445
Other Long-Term Liabilities	-	10,742	-	10,742
TOTAL LIABILITIES	-	34,375	9,235	43,610
NET POSITION:				
Held in Trust for:				
Individuals, Organizations, and Other Entities	268,910	10,159,412	14,550	10,442,872
TOTAL NET POSITION	$ 268,910	$ 10,159,412	$ 14,550	$ 10,442,872

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE-PURPOSE TRUST FUNDS
JUNE 30, 2022

(DOLLARS IN THOUSANDS)	TREASURER'S	COLLEGE SAVINGS PLAN	OTHER	TOTAL
ADDITIONS:				
Investment Income/(Loss)	$ (3,389)	$ (1,350,556)	$ (2,450)	$ (1,356,395)
Gifts and Bequests	769	-	-	769
Unclaimed Property Receipts	72,027	1,276,064	10,731	1,358,822
Other Additions	-	1,457	3,618	5,075
TOTAL ADDITIONS	69,407	(73,035)	11,899	8,271
DEDUCTIONS:				
Distributions to Participants	49,232	1,098,759	6,842	1,154,833
Distributions - Intergovernmental Entities	689	-	-	689
Administrative Expense	-	-	351	351
Other Deductions	-	43,822	4,733	48,555
Transfers-Out	-	-	30	30
TOTAL DEDUCTIONS	49,921	1,142,581	11,956	1,204,458
CHANGE IN NET POSITION	19,486	(1,215,616)	(57)	(1,196,187)
NET POSITION - FISCAL YEAR BEGINNING	249,424	11,375,028	14,607	11,639,059
NET POSITION - FISCAL YEAR ENDING	$ 268,910	$ 10,159,412	$ 14,550	$ 10,442,872

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

(DOLLARS IN THOUSANDS)	TAX COLLECTIONS AND DISBURSEMENTS	TREASURY INVESTMENT POOL	OTHER	TOTAL
ASSETS:				
Cash and Pooled Cash	$ 254,546	$ 111,653	$ 159,058	$ 525,257
Taxes Receivable, net	252,506	-	-	252,506
Other Receivables, net	1,176	-	876	2,052
Due From Other Governments	-	-	67	67
Due From Other Funds	-	4,497	-	4,497
Prepaids, Advances and Deposits	-	-	15	15
Other Long-Term Assets	-	-	68,101	68,101
TOTAL ASSETS	508,228	116,150	228,117	852,495
LIABILITIES:				
Tax Refunds Payable	1,854	-	-	1,854
Accounts Payable and Accrued Liabilities	8	294	846	1,148
Due To Other Governments	111	-	198	309
Due To Other Funds	-	-	1,147	1,147
Unearned Revenue	-	-	153	153
Other Current Liabilities	-	5	672	677
Other Long-Term Liabilities	1,253	-	-	1,253
TOTAL LIABILITIES	3,226	299	3,016	6,541
NET POSITION:				
Held in Trust for:				
Individuals, Organizations, and Other Entities	505,002	115,851	225,101	845,954
TOTAL NET POSITION	$ 505,002	$ 115,851	$ 225,101	$ 845,954

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

(DOLLARS IN THOUSANDS)	TAX COLLECTIONS AND DISBURSEMENTS	TREASURY INVESTMENT POOL	OTHER	TOTAL
ADDITIONS:				
Investment Income/(Loss)	$ (5,813)	$ (6,757)	$ (3,236)	$ (15,806)
Gifts and Bequests	-	-	1	1
Court Awards and Restitution Receipts	-	-	162,715	162,715
Collections of Sales Tax for Other Governments	2,697,644	182,701	105,409	2,985,754
Other Additions	-	-	77,064	77,064
TOTAL ADDITIONS	2,691,831	175,944	341,953	3,209,728
DEDUCTIONS:				
Payments of Sales Tax to Other Governments	2,628,354	181,303	46,979	2,856,636
Administrative Expense	1,439	-	5,246	6,685
Other Deductions	-	-	242,455	242,455
Transfers-Out	-	-	422	422
TOTAL DEDUCTIONS	2,629,793	181,303	295,102	3,106,198
CHANGE IN NET POSITION	62,038	(5,359)	46,851	103,530
NET POSITION - FISCAL YEAR BEGINNING	442,964	121,210	178,250	742,424
NET POSITION - FISCAL YEAR ENDING	$ 505,002	$ 115,851	$ 225,101	$ 845,954

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, 2022

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	STATEWIDE INTERNET PORTAL AUTHORITY	TOTAL
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 1,614	$ 5,009	$ 6,623
Restricted Cash and Pooled Cash	1,088	5,000	6,088
Other Receivables, net	5,000	3,385	8,385
Prepaids, Advances and Deposits	-	150	150
Other Current Assets	-	4,654	4,654
Total Current Assets	7,702	18,198	25,900
Noncurrent Assets:			
Other Long-Term Assets	218	95	313
Depreciable/Amortizable Capital Assets, net	146,060	93	146,153
Land and Nondepreciable Capital Assets	20,811	-	20,811
Total Noncurrent Assets	167,089	188	167,277
TOTAL ASSETS	174,791	18,386	193,177
DEFERRED OUTFLOW OF RESOURCES:	-	224	224
LIABILITIES:			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	26	3,116	3,142
Unearned Revenue	-	4,639	4,639
Other Current Liabilities	-	101	101
Total Current Liabilities	26	7,856	7,882
Noncurrent Liabilities:			
Other Postemployment Benefits	-	68	68
Other Long-Term Liabilities	-	93	93
Total Noncurrent Liabilities	-	161	161
TOTAL LIABILITIES	26	8,017	8,043
DEFERRED INFLOW OF RESOURCES:	-	870	870
NET POSITION:			
Net investment in Capital Assets:	167,089	-	167,089
Restricted for:			
Other Purposes	1,388	-	1,388
Unrestricted	6,288	9,723	16,011
TOTAL NET POSITION	$ 174,765	$ 9,723	$ 184,488

COMBINING STATEMENT OF ACTIVITIES
OTHER COMPONENT UNITS (NONMAJOR)
FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	STATEWIDE INTERNET PORTAL AUTHORITY	TOTAL
EXPENSES	$ 7,897	$ 44,658	$ 52,555
PROGRAM REVENUES:			
Charges for Services	8,500	45,686	54,186
Capital Grants and Contributions	1,867	-	1,867
TOTAL PROGRAM REVENUES:	10,367	45,686	56,053
NET (EXPENSE) REVENUE	2,470	1,028	3,498
GENERAL REVENUES:			
Unrestricted Investment Earnings (Losses)	1	13	14
TOTAL GENERAL REVENUES	1	13	14
CHANGE IN NET POSITION	2,471	1,041	3,512
NET POSITION - FISCAL YEAR BEGINNING	172,294	8,680	180,974
Prior Period Adjustment (See Note 15A)	-	-	-
Accounting Changes (See Note 15B)	-	2	2
NET POSITION - FISCAL YEAR BEGINNING (Restated)	172,294	8,682	180,976
NET POSITION - FISCAL YEAR ENDING	$ 174,765	$ 9,723	$ 184,488

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, 2022

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 712,177	
Income Taxes			1,310,998	
Other Taxes			59,320	
Sales and Services			68	
Interest Earnings			10,513	
Other Revenues			3,709	
Transfers-In			12,200	
TOTAL REVENUES AND TRANSFERS-IN			2,108,985	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Corrections	-	199	192	7
Governor	$ 5,000	$ 5,264	5,264	$ -
Health Care Policy and Financing	23,220	38,426	35,079	3,347
Local Affairs	4,605	4,605	4,531	74
Personnel & Administration	-	643	633	10
Public Safety	-	5,090	5,090	-
Revenue	294,500	377,331	339,616	37,715
Treasury	1,543,888	1,543,888	1,382,230	161,658
Transfers Not Appropriated by Department	227,503	227,503	227,003	500
SUB-TOTAL OPERATING BUDGETS	2,098,716	2,202,949	1,999,638	203,311
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 2,098,716	$ 2,202,949	$ 1,999,638	$ 203,311
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ 109,347	

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 - NON-APPROPRIATED CASH FUNDED FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 1,114,239	
Other Taxes			1,338,082	
Tuition and Fees			382,941	
Sales and Services			2,071,749	
Interest Earnings			(1,197,412)	
Other Revenues			7,297,576	
Transfers-In			7,666,930	
TOTAL REVENUES AND TRANSFERS-IN			18,674,105	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 33,531	$ 35,114	$ 9,305	$ 25,809
Corrections	29,187	103,061	95,915	7,146
Education	4,323,086	4,315,486	4,275,774	39,712
Governor	1,443,899	1,440,663	567,671	872,992
Health Care Policy and Financing	35,810	41,037	22,776	18,261
Higher Education	1,838,951	2,237,191	1,885,257	351,934
Human Services	346,424	211,085	164,493	46,592
Judicial Branch	44,929	226,572	216,515	10,057
Labor and Employment	3,344,150	3,384,163	570,568	2,813,595
Law	34,464	35,529	17,697	17,832
Legislative Branch	36,104	36,104	5,508	30,596
Local Affairs	381,326	435,505	300,146	135,359
Military and Veterans Affairs	3,394	3,580	2,646	934
Natural Resources	778,893	898,386	389,902	508,484
Personnel & Administration	590,964	598,875	581,653	17,222
Public Health and Environment	283,003	286,442	103,736	182,706
Public Safety	309,157	328,494	201,458	127,036
Regulatory Agencies	170,358	170,358	149,874	20,484
Revenue	1,078,204	3,925,870	3,839,537	86,333
State	6,992	6,992	3,500	3,492
Transportation	5,038,853	5,038,853	1,368,728	3,670,125
Treasury	3,500,217	3,694,846	2,694,405	1,000,441
Budgets/Transfers Not Recorded by Department	6,926	8,016	8,021	(5)
SUB-TOTAL OPERATING BUDGETS	23,658,822	27,462,222	17,475,085	9,987,137
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ -	$ 344	$ 344	$ -
Corrections	-	391	391	-
Higher Education	1,564	143,186	111,495	31,691
Human Services	-	8,541	6,367	2,174
Military and Veterans Affairs	-	298	306	(8)
Personnel & Administration	-	4,428	4,428	-
Public Health and Environment	-	10	-	10
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	1,564	157,198	123,331	33,867
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 23,660,386	$ 27,619,420	$ 17,598,416	$ 10,021,004
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 1,075,689	

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 - NON-APPROPRIATED FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 2022

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 10,140,694	
TOTAL REVENUES AND TRANSFERS-IN			10,140,694	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 3,951	$ 13,007	$ 6,295	$ 6,712
Corrections	2,932	13,996	10,395	3,601
Education	620,755	3,072,588	1,398,921	1,673,667
Governor	314,599	3,757,209	66,425	3,690,784
Health Care Policy and Financing	393,316	692,846	455,651	237,195
Higher Education	35,895	1,141,858	255,916	885,942
Human Services	655,233	3,238,947	2,695,768	543,179
Judicial Branch	9,573	43,694	27,626	16,068
Labor and Employment	247,495	9,046,755	1,371,153	7,675,602
Law	2,486	2,465	2,017	448
Local Affairs	180,658	1,377,663	600,322	777,341
Military and Veterans Affairs	126,862	47,897	22,923	24,974
Natural Resources	26,868	119,800	60,855	58,945
Personnel & Administration	-	14,946	1,651	13,295
Public Health and Environment	297,024	2,597,087	1,336,720	1,260,367
Public Safety	68,373	1,586,881	825,639	761,242
Regulatory Agencies	1,890	193,100	185,691	7,409
Revenue	1,065	10,262	1,985	8,277
State	-	13,760	1,046	12,714
Transportation	642,203	2,030,454	606,734	1,423,720
Treasury	180,007	180,211	137,589	42,622
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	3,811,185	29,195,426	10,071,322	19,124,104
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 3,811,185	$ 29,195,426	$ 10,071,322	$ 19,124,104
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 69,372	

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

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, 2022

	Fiscal Year 2022	Fiscal Year 2021	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	$ 10,558,696,296	$ 8,552,154,048	$ 2,006,542,248	23.5%
Sales and Use Tax, Net	4,321,563,487	3,632,266,905	689,296,582	19.0%
Corporate Income Tax, Net	1,469,314,785	1,117,777,059	351,537,726	31.4%
Insurance Taxes	390,176,232	336,301,330	53,874,902	16.0%
Fiduciary Income Tax, Net	146,666,016	117,201,679	29,464,337	25.1%
Interest and Investment Income	65,385,157	46,783,615	18,601,542	39.8%
Alcoholic Beverages Tax, Net	56,340,487	53,362,690	2,977,797	5.6%
Tobacco Products Tax, Net	52,613,504	59,176,733	(6,563,229)	-11.1%
Business Licenses and Permits	6,273,319	3,834,353	2,438,966	63.6%
Court and Other Fines	6,130,218	7,578,922	(1,448,704)	-19.1%
Miscellaneous Revenue	1,644,108	1,595,493	48,615	3.0%
Gaming and Other Taxes	414,131	327,147	86,984	26.6%
General Government Service Fees	177,069	1,420,418	(1,243,349)	-87.5%
Welfare Service Fees	21,404	22,599	(1,195)	-5.3%
Other Charges For Services	9,535	10,384	(849)	-8.2%
TOTAL GENERAL-FUNDED REVENUES	17,075,425,748	13,929,813,375	3,145,612,373	22.6%
PROGRAM REVENUES				
Fuel and Transportation Taxes, Net	636,262,629	595,714,024	40,548,605	6.8%
Severance Taxes	314,626,168	4,701,881	309,924,287	6591.5%
Motor Vehicle Registrations	291,688,617	273,590,137	18,098,480	6.6%
Business Licenses and Permits	201,462,583	194,922,473	6,540,110	3.4%
Court and Other Fines	173,284,903	168,529,288	4,755,615	2.8%
General Government Service Fees	163,706,601	100,410,438	63,296,163	63.0%
Other Charges For Services	162,261,724	162,479,155	(217,431)	-0.1%
Gaming and Other Taxes	114,973,451	101,292,925	13,680,526	13.5%
Health Service Fees	81,599,299	83,527,165	(1,927,866)	-2.3%
Rents and Royalties	67,914,487	67,397,844	516,643	0.8%
Miscellaneous Revenue	61,890,649	146,206,081	(84,315,432)	-57.7%
Interest and Investment Income	61,216,026	51,175,747	10,040,279	19.6%
Sales and Use Tax, Net	54,978,007	30,226,241	24,751,766	81.9%
Employment Taxes	48,729,715	40,153,832	8,575,883	21.4%
Driver's Licenses	48,100,964	44,191,549	3,909,415	8.8%
Insurance Taxes	43,955,565	50,799,880	(6,844,315)	-13.5%
Public Safety Service Fees	41,532,302	34,180,915	7,351,387	21.5%
Nonbusiness Licenses and Permits	34,073,120	33,158,813	914,307	2.8%
Certifications and Inspections	25,196,168	24,691,421	504,747	2.0%
Educational Fees	21,329,780	25,959,898	(4,630,118)	-17.8%
Local Governments and Authorities	7,804,978	13,027,169	(5,222,191)	-40.1%
Higher Education Auxiliary Sales and Services	3,684,113	3,002,140	681,973	22.7%
Welfare Service Fees	2,965,173	1,914,821	1,050,352	54.9%
Sales of Products	1,409,742	1,144,836	264,906	23.1%
Alcoholic Beverages Tax, Net	814,146	833,360	(19,214)	-2.3%
Other Excise Taxes, Net	404,176	306,011	98,165	32.1%
Tobacco Products Tax, Net	170	210	(40)	-19.0%
TOTAL PROGRAM REVENUES	2,665,865,256	2,253,538,254	412,327,002	18.3%
Prior Year Errors		7,203,516	(7,203,516)	
Qualification of Enterprises		2,762,956	(2,762,956)	
Disqualification of Enterprises		(23,538,808)	23,538,808	
TOTAL NONEXEMPT REVENUE	$ 19,741,291,004	$ 16,169,779,293	$ 3,571,511,711	22.1%

STATE OF COLORADO
SCHEDULE OF COMPUTATIONS REQUIRED
UNDER ARTICLE X, SECTION 20
AS OF JUNE 30, 2022

	FISCAL YEAR 2021	FISCAL YEAR 2022
COMPUTATION OF NONEXEMPT REVENUES		
Total State Expenditures	$ 67,186,300,966	$ 66,984,948,853
Less Exempt Enterprises Expenses:		
Higher Education Enterprises	10,829,105,780	12,811,522,707
Colorado Healthcare Affordability and Sustainability Enterprise	4,235,144,603	4,580,819,378
Unemployment Compensation Section	9,425,795,063	1,612,340,983
CollegeInvest	969,557,285	1,142,879,307
State Lottery	789,947,824	825,307,675
College Assist	231,396,176	519,777,136
Health Insurance Affordability Enterprise	227,865,139	330,940,802
Parks and Wildlife	205,850,333	262,572,906
State Nursing Homes	47,158,027	56,650,036
Correctional Industries	48,200,138	52,630,462
Statewide Transportation Enterprise	46,887,142	40,950,347
Statewide Bridge Enterprise	12,523,883	37,431,166
Petroleum Storage Tank Fund	35,349,070	37,309,341
Brand Board	3,079,539	4,910,918
988 Crisis Hotline	-	4,029,394
Clean Screen Authority	3,493,861	3,177,471
Electronic Recording Technology Fund	2,618,441	2,921,397
Front Range Waste Diversion Enterprise	940,162	2,828,540
Capitol Parking Authority	1,126,708	1,102,777
Air Quality Enterprise	-	240,002
Community Access Enterprise	-	124,041
Air Pollution Mitigation Enterprise	-	20,695
Clean Transit Enterprise	-	13,735
Subtotal Enterprise Expenses	27,116,039,174	22,330,501,216
Total District Expenditures	40,070,261,792	44,654,447,637
Less Exempt District Revenues:		
Federal Funds	10,810,509,802	12,603,746,611
Interfund Transfers	10,344,684,227	10,376,276,030
Amounts Held for Others (Note 11)	2,640,927,335	3,199,901,869
Other Sources and Additions (Note 7)	1,909,637,478	2,024,295,200
Voter Approved Revenue Changes (Note 8)	1,682,649,539	2,000,075,890
Property Sales	101,696,506	194,302,273
Damage Awards	125,329,963	106,311,821
Gifts	106,274,759	60,329,075
Exempt Investment Income	60,934,960	(1,100,084,841)
Subtotal Exempt District Revenues	27,782,644,569	29,465,153,928
Nonexempt District Expenditures	12,287,617,223	15,189,293,709
District Reserve/Fund Balance Increase (Decrease)	3,356,706,390	823,570,679
Excess TABOR Revenues	525,455,680	3,728,426,616
Total Nonexempt District Revenues	$ 16,169,779,293	$ 19,741,291,004
COMPUTATION OF DISTRICT FUND BALANCE CHANGES		
Beginning District Fund Balance	$ 9,860,230,346	$ 13,823,736,938
Prior Period District Fund Balance Adjustments (Note 11)	78,650,105	8,978,490
(Qualification)/Disqualification of Enterprises (Note 14)	2,694,417	26,697,962
District Reserve/Fund Balance Increase (Decrease)	3,356,706,390	823,570,679
Retention of Revenues in Excess of the Limit C.R.S. 24-77-103.6(1)(a)	525,455,680	3,728,426,616
Ending District Fund Balance	$ 13,823,736,938	$ 18,411,410,685

FISCAL YEAR 2022 COMPUTATION OF SPENDING LIMITATIONS	FISCAL YEAR SPENDING	EXCESS STATE REVENUES CAP
FY 2021 Limit	$ 12,628,068,353	$ 15,644,323,613
Other Agency Prior Year Revenues from Disqualified Enterprises (Note 14)	(274,491)	(274,491)
Qualification of Enterprises (Note 14)	(2,762,957)	(2,762,957)
FY 2021 Adjusted Limit	$ 12,625,030,905	$ 15,641,286,165
Allowable TABOR Growth Rate (Note 12)	2.2%	2.2%
FY 2022 Unadjusted Limit	$ 12,902,781,585	$ 15,985,394,461
Disqualification of Enterprises (Note 14)	27,469,927	27,469,927
FY 2022 Adjusted Limit	$ 12,930,251,512	$ 16,012,864,388
Less Fiscal Year 2021 Nonexempt District Revenues	(19,741,291,004)	(19,741,291,004)
Amount (Over)Under Adjusted Limit FY 2022	$ (6,811,039,492)	$ (3,728,426,616)

Amounts remaining in excess of the limit to be refunded in future years (by fiscal year of excess revenue)	
FY 2019	14,795,525
FY 2021	104,878,614
FY 2022	3,728,426,616
Total amount to be refunded in future years	$ 3,848,100,755
FY 2022 retention of approved revenues in excess of the limit (not refundable) C.R.S. 24-77-103.6(1)(b)	$ 3,082,612,876

NOTES TO THE TABOR SCHEDULE OF REQUIRED COMPUTATIONS

NOTE 1. PURPOSE OF THE SCHEDULE OF REQUIRED COMPUTATIONS

The purpose of the Schedule of Required Computations is to determine and document compliance with Title 24 Article 77 of the Colorado Revised Statutes, which is the implementing statute for Article X Section 20 of the State Constitution (TABOR). The report is required to include at a minimum State fiscal year spending, reserves, revenues, and debt. The schedule also includes a calculation of the limit on fiscal year spending, a calculation of the Excess State Revenues Cap under Referendum C (see Note 9), and the amount required to be refunded or the amount of excess revenue retained by law, as well as all related adjustments.

TABOR has many provisions including a requirement for a vote of the people for new taxes or tax rate increases and a limit on the amount of fiscal year spending. Fiscal year spending is defined as District expenditures and reserve increases except those expended from exempt sources, such as gifts, federal funds, damage awards, property sales, reserves, and other items. This definition, while focused on spending is essentially a limitation on revenue retention because reserve increases are unspent revenues. Therefore, the terms fiscal year spending and nonexempt revenue are used interchangeably throughout these notes.

The limit on revenue retention is based on an allowable growth percentage (see Note 12) applied to the lesser of the prior year's revenues or the prior year's limit. Revenues in excess of the limit are required to be refunded to taxpayers unless voters approve retention of the excess. In the 2005 general election, voters approved Referendum C, which allowed the State to retain revenues in excess of the limit for a five-year period. Beginning in Fiscal Year 2011, under Referendum C provisions, revenues are refunded only when they exceed the Excess State Revenues Cap (see Note 9).

NOTE 2. BASIS OF ACCOUNTING

Pursuant to Article 77 of Title 24, Colorado Revised Statutes, this report is prepared in accordance with generally accepted accounting principles (GAAP) for governmental entities except where an irreconcilable difference exists between GAAP, and State statute or the provisions of Article X Section 20 of the State Constitution (TABOR). The accounting principles used by the State are more fully described in Note 1 to the Financial Statements.

NOTE 3. DEFINITION OF THE DISTRICT

TABOR defines the District as "the State or any local government, excluding enterprises." It further defines an enterprise as "a government-owned business authorized to issue its own revenue bonds and receiving under 10 percent of annual revenue in grants from all Colorado State and local governments combined."

The General Assembly, for the purpose of implementing TABOR, stated in Section 24-77-102(16) C.R.S.:

(a) that "State" means the central civil government of the State of Colorado, which consists of the following:

(I) the legislative, executive, and judicial branches of government established by Article III of the State Constitution;

(II) all organs of the branches of government specified in subparagraph (I) of paragraph (a) of this subsection (16), including the departments of the executive branch; the legislative houses and agencies; and the appellate and trial courts and court personnel; and

(III) State institutions of higher education.

(b) "State" does not include:

(I) any enterprise [including an institution or group of institutions of higher education that has been designated as an enterprise];

(II) any special purpose authority;

(III) any organization declared to be a joint governmental entity.

The General Assembly has designated the following as enterprises excluded from the District:

- State Lottery,
- College Assist,
- CollegeInvest,
- Division of Parks and Wildlife,
- State Nursing Homes,
- Division of Correctional Industries,
- Petroleum Storage Tank Fund,
- State Fair Authority,
- Division of Brand Inspection,
- Clean Screen Authority,
- Capitol Parking Authority,
- Statewide Transportation Enterprise,
- Statewide Bridge Enterprise,
- Unemployment Insurance Enterprise,
- Electronic Recording Technology Fund,
- Colorado Healthcare Affordability and Sustainability Enterprise,
- Front Range Waste Diversion Enterprise,
- Health Insurance Affordability Enterprise,

- Clean Motor Vehicle Fleet Enterprise,
- Clean Transit Enterprise,
- Air Pollution Mitigation Enterprise,
- Air Quality Enterprise,
- Community Access Enterprise,
- Natural Disaster Mitigation Enterprise,
- 988 Crisis Hotline Enterprise,
- Orphaned Wells Mitigation 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 2022.

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 2022 totals $592.2 million.

At June 30, 2022, the net assets of the following funds were designated as the reserve, up to the limits set in Senate Bill 21-227:

- Major Medical Insurance Fund - $59.0 million.
- State Emergency Reserve Cash Fund - $201.0 million.
- Colorado Water Conservation Board Construction Fund - $33.0 million.
- Disaster Emergency Fund - $48.0 million
- Unclaimed Property Tourism Promotion Trust Fund - $5.0 million.
- Marijuana Tax Cash Fund - $100.0 million.

Senate Bill 21-227 also designated the Capitol Annex building, with a value exceeding $29.0 million, as the remainder of the emergency reserve.

Based on actual fiscal year nonexempt revenues in Fiscal Year 2022, the required reserve was $592.2 million. Because the actual reserve requirement was more than the amount set in SB 21-227, the total amount restricted for the reserve was $91.0 million less than the combined maximums allowable in the designated funds detailed above. 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.

During Fiscal Year 2022, eleven executive orders called for a net amount of $125.0 million to be spent from, or encumbered in the Disaster Emergency Fund. The amounts spent or encumbered were for fire suppression efforts ($34.1 million), COVID-19 ($84.7 million), other health emergencies ($1.2 million) and other natural disaster emergencies ($5.0 million).

NOTE 6. STATUS OF REFUNDING

In Fiscal Year 2022 there were four TABOR refund mechanisms in State law – the property tax exemption reimbursement, the temporary income tax rate reduction, the six-tiered sales tax refund, and a temporary refund that was equally distributed to qualified individuals filing single and joint income tax returns. 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.

4. Temporary refund of excess State revenues – under Section 39-22-2004 C.R.S., the State defines additional excess State revenues as the amount of revenue over the spending limit that exceeded projected refunds required by Sections 39-3-209 and 39-22-627 C.R.S. According to the statute, additional excess State revenues are to be refunded for Fiscal Year 2022 to qualified individuals – being those who were at least eighteen years old as of December 31, 2021, who were residents of the State for the entire income tax year (2021), and who filed single or joint income tax returns. In Fiscal Year 2022, the State had additional excess revenue to refund $750 to single filers and $1,500 to joint filers.

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 2022, the State had an outstanding TABOR refund liability of $547.9 million. During the year the following amounts were refunded: $15.4 thousand from the Fiscal Year 2015 liability, ($7.6) million from the Fiscal Year 2019 liability (through the income tax rate reduction mechanism), and $413.4 million from the Fiscal Year 2021 liability, through the first three reimbursement mechanisms detailed in Note 6 (property tax exemption reimbursement, temporary income tax rate reduction, and the sales tax refund mechanism). Refund liabilities for Fiscal Years 2018, 2019 and 2021 were each decreased in total by $22.4 million to adjust for prior-year revenue recording errors, including $14.5 of retail marijuana fee revenue which has been determined to be exempt from spending limits. Excess revenue over the ESRC in Fiscal Year 2022 added $3.7 billion to the total liability. At June 30, 2022, the amount of refunds payable is $3.8 billion (See Note 15 for more detail).

NOTE 7. OTHER SOURCES AND ADDITIONS

The $2,024.3 million reported in this line item primarily comprises: $492.1 million of pension and other employee benefit trust fund investment earnings and additions by the State and participants; $286.0 million related to future leases; $805.4 million of proceeds from the issuance of certificates of participation; $196.4 million of revenue to permanent funds and trusts; $57.0 million of local government expenditures recorded by the State as revenues and expenditures to meet grant matching-funds requirements; and $175.0 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 $103,700 and $56,439 from this exempt source in Fiscal Year 2022 and Fiscal Year 2021, respectively.

- In the 2000 general election, voters approved a citizen-initiated amendment that added Section 14 to Article XVIII of the State Constitution. This amendment allowed the use of marijuana for medical purposes and authorized the Department of Public Health and Environment to charge a fee for the issuance of a permit for such purpose. The State recorded $2.1 million and $2.3 million including interest and unrealized gains/losses from this revenue source in Fiscal Year 2022 and Fiscal Year 2021, 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 $1,224.6 million and $1,037.3 million of tax revenues, interest, operating transfers and unrealized gains/losses, as exclusions from fiscal year spending in Fiscal Year 2022 and Fiscal Year 2021, 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 $126.7 million and $137.9 million of tax revenues, interest, transfers, and unrealized gains/losses from this exempt source in Fiscal Year 2022 and Fiscal Year 2021, 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 $48.0 million and $19.8 million of extended limited gaming revenue in Fiscal Year 2022 and Fiscal Year 2021, 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 $99.4 million of State excise tax and $258.7 million of retail marijuana State sales tax revenues from these exempt sources in Fiscal Year 2022. In the prior fiscal year, the State recorded $120.8 million and $288.2 million respectively, from these two sources.

- In Fiscal Year 2022, it was determined that retail marijuana fees are exempt from the provisions of Article X, Section 20 of the Colorado Constitution, as a voter approved revenue under Amendment 64, which passed in 2012. The State recorded $5.8 million of retail marijuana fees in Fiscal Year 2022.

- In the 2019 Statewide election, Colorado voters approved Proposition DD – a measure referred to voters by the Legislature in HB 19-1327. The proposition allowed the State to tax the proceeds of sports betting activity and to use the revenue for implementing the State water plan and for other purposes. The State recorded $12.4 million and $8.1 million from this revenue source in Fiscal Year 2021 and Fiscal Year 2020, respectively.

- In the 2020 Statewide election, voters approved Proposition EE – a measure referred to voters by the Legislature in HB 20-1427. The "yes" vote on the proposition allowed the State to impose a tax on nicotine liquids and other vaping products, and to increase existing cigarette and tobacco taxes. The revenue is to provide funding for schools, housing development and rental assistance, health care programs, tobacco education programs and other State and local general spending. The State recorded $222.2 million and $68.0 million from this revenue source in Fiscal Year 2022 and Fiscal Year 2021, respectively.

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 ESRC 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 $200.0 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.

- In the 2021 legislative session, enactment of Senate Bill 21-260 restored the ESRC base that had been lowered three years earlier by Senate Bill 17-267. The increase to the base was $225.0 million, which includes adjustments for population growth and inflation. The revised base 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 $30,539.7 million - $3.6 million during the initial five-year revenue retention period, and an additional $26,946.1 million due to the ESRC exceeding the Fiscal Year Spending Limit (FYSL) in Fiscal Year 2011 through Fiscal Year 2022.

NOTE 10. DISTRICT RESERVES

District reserves are the cumulative fund balances of the State reported in the State's Annual Comprehensive 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

In Fiscal Year 2022, the State increased the District's fund balance by $9.0 million to adjust certain COVID-19 related expenditures from the prior year in the Department of Public Health and Environment.

In Fiscal Year 2021, GASB Statement No. 84 required certain funds having a fiduciary purpose, to recognize the receipt of funds held for other entities and parties, as revenue to the State. Before Fiscal Year 2021, these receipts were recorded as liabilities to be settled when the funds were used for their intended purposes. Implementation of GASB 84 was structured to create a permanent classification of exempt revenue called Amounts Held for Others, which has no effect on TABOR. For Fiscal Year 2021 only, the implementation created a $78.7 million prior period adjustment to the District's fund balance.

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 2.2 percent allowable growth rate comprises a 0.3 percent increase for population growth (census population for 2020 compared to 2019) and a 1.9 percent increase for inflation.

NOTE 13. SPENDING LIMIT ADJUSTMENTS FOR PRIOR YEAR ERRORS

With the addition of the ESRC, spending limit adjustments only impact the calculation of the Fiscal Year Spending Limit (FYSL). In Fiscal Year 2022 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 2022 FYSL.

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 2022, the Auraria Higher Education Center's (AHEC) parking operation regained its TABOR enterprise status resulting in a $2.8 million reduction to the ESRC and the FYSL, before application of the 2.2 percent allowable growth rate. The requalification also reduced the District's fund balance by $2.7 million.

The Tivoli Center enterprise, also a part of AHEC, lost its enterprise status because it received an appropriation from the State that was more than ten percent of its total revenue. This increased the ESRC and FYSL by $0.5 million, after application of the 2.2 percent allowable growth rate, and decreased the District's fund balance by $4.2 million (since its fund balance was negative).

In Fiscal Year 2022, Adams State University also lost its TABOR enterprise status since it received more than 10 percent of its total revenue from State support. The loss of enterprise status resulted in a $27.0 million addition to the ESRC and FYSL, after application of the 2.2 percent allowable growth rate; and a $274 thousand reduction to both bases due to the university's financial interactions with other State entities. The $274 thousand adjustment was made to both bases before application of the 2.2 percent allowable growth rate. The loss of the university's enterprise status also increased the District's fund balance by $33.6 million.

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.

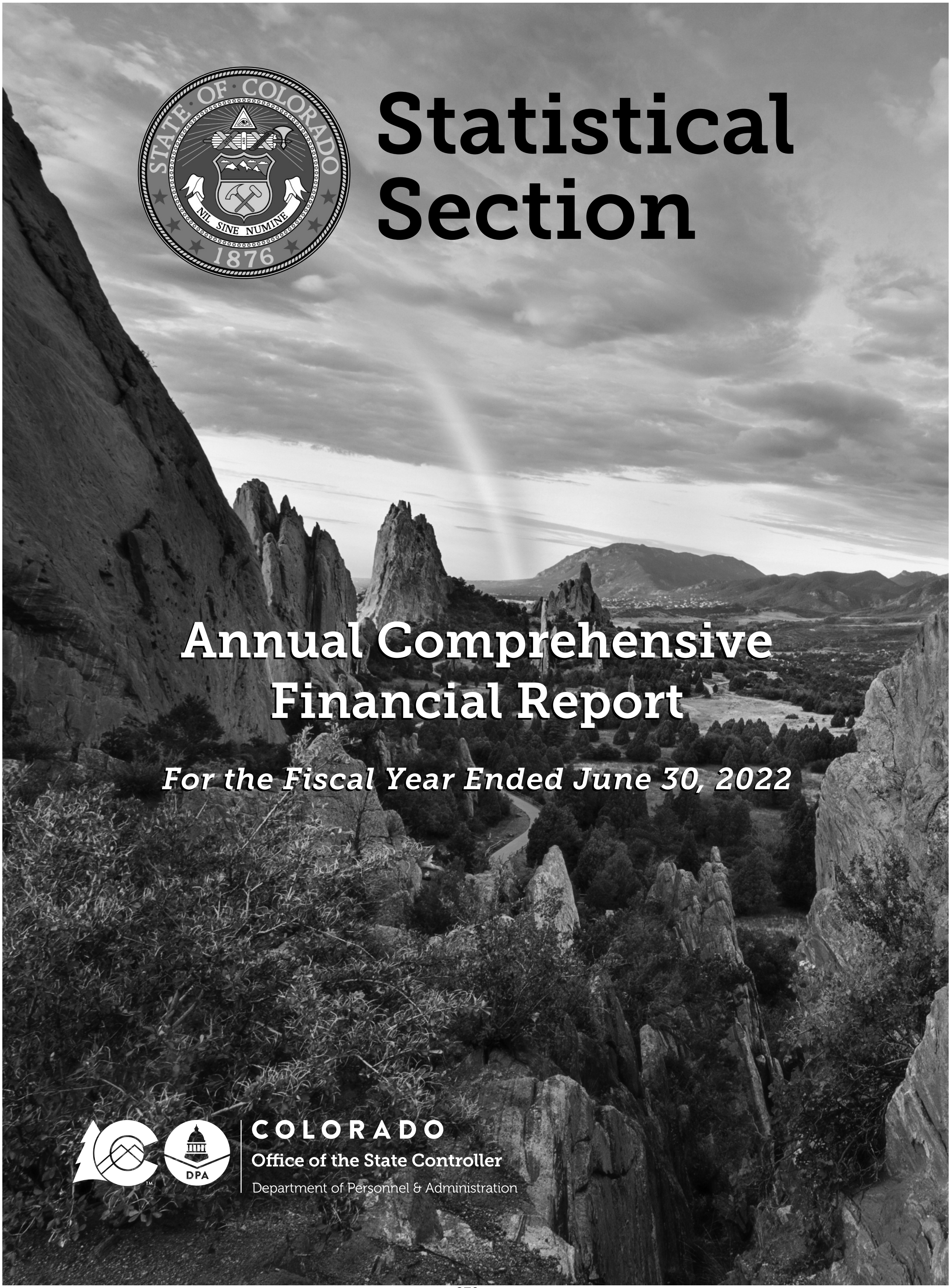
During Fiscal Year 2022, various departments in the State discovered $2.3 million of net revenue from the prior year that had been incorrectly recognized as revenue subject to the provisions of TABOR. In addition, the State determined that retail marijuana fees are not subject to limits on fiscal year spending. In Fiscal Year 2022 the State determined that the yes-vote on Amendment 64 in 2012 approved retail marijuana fees as an exempt revenue source in addition to retail marijuana taxes. In the prior fiscal year, the State recorded $4.9 million of retail marijuana fees. The total adjustment for prior year errors and the recognition of Fiscal Year 2021 retail marijuana fees as exempt, was a $7.2 million decrease in revenue.

NOTE 16. FUTURE REFUNDS

In addition to the $7.2 million decrease to revenue from the prior fiscal year, TABOR refunds payable in future years were reduced by $9.6 million for retail marijuana fees between Fiscal Years 2018-2019, and another $5.6 million for other errors during the same time period. Total adjustments for the prior four years were $22.4 million.

During the fiscal year, $405.8 million was refunded to tax payers from excess revenue in all prior years through the income tax rate reduction, sales tax refund and property tax exemption mechanisms.

Since Fiscal Year 2022 nonexempt District revenues were above the ESRC by $3,728.4 million, this amount is added to the total refund liability making the balance at June 30, 2022 equal to $3,848.1 million. Through the end of October 2022, the State has refunded $2,749.9 million of excess revenue from Fiscal Year 2022 in accordance with Senate Bill 22-233. (See Note 6.)



Statistical Section

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

COLORADO
Office of the State Controller
Department of Personnel & Administration

STATISTICAL SECTION

This section of the State of Colorado's Comprehensive Annual Financial Report presents detailed current and historical information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

FINANCIAL TRENDS	These schedules contain trend information to help the reader understand how the State's financial performance and fiscal health have changed over time at both the entity wide and fund-level perspectives.
REVENUE CAPACITY	These schedules contain information to help the reader assess the factors affecting the State's ability to generate and retain major revenue streams including income and sales taxes.
DEBT CAPACITY	These schedules present information to help the reader assess the sustainability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.
DEMOGRAPHIC AND ECONOMIC INFORMATION	These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.
OPERATING INFORMATION	These schedules contain information about the State's operations and resources to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

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

(DOLLARS IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$ 13,920,593	$ 11,224,875	$ 2,521,649	$ 3,658,234	$ 3,107,217	$ 2,567,219	$ 2,703,416	$ 2,696,950	$ 2,302,356	$ 2,549,620
Restricted Cash and Pooled Cash	3,067,114	122,403	611,626	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	8,460	3,497
Taxes Receivable, net	1,557,088	1,739,314	2,746,658	1,722,496	1,476,297	1,325,689	1,251,185	1,252,907	1,224,629	1,118,329
Other Receivables, net	803,926	663,412	609,665	708,209	654,761	717,660	572,655	450,805	210,062	189,937
Due From Other Governments	2,309,326	1,638,331	803,219	468,940	754,910	524,240	440,053	787,269	570,721	369,249
Internal Balances	59,557	48,657	179,643	43,557	38,459	26,262	28,967	28,022	19,336	23,801
Due From Component Units	-	-	-	19	18	154	347	135	54	119
Inventories	249,611	269,427	142,367	101,161	52,102	54,152	53,261	54,194	53,125	55,319
Prepaids, Advances and Deposits	149,493	122,230	544,537	90,371	84,277	72,047	67,468	67,917	73,025	57,465
Total Current Assets	22,116,708	15,828,649	8,159,364	6,792,987	6,168,041	5,287,423	5,117,352	5,338,199	4,461,768	4,367,336
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	405,850	2,971,240	1,810,813	1,742,791	1,589,926	1,493,996	1,923,920	2,140,729	2,554,938	1,798,432
Restricted Investments	1,237,772	1,324,475	1,212,311	1,098,543	847,587	867,572	732,662	761,140	657,772	598,209
Restricted Receivables	346,150	323,485	453,551	445,384	633,173	587,580	510,028	363,300	258,107	176,055
Investments	151,960	158,487	1,564,800	1,177,035	449,308	255,069	219,369	280,100	428,321	464,535
Other Long-Term Assets	776,847	763,849	771,885	758,544	613,249	614,932	675,809	636,260	686,349	740,735
Depreciable/Amortizable Capital Assets, net	10,313,213	10,063,683	9,856,574	10,101,317	10,242,384	9,994,890	9,976,023	9,772,651	9,600,423	9,312,959
Land and Nondepreciable Capital Assets	3,362,892	3,005,913	2,739,690	2,121,606	1,914,285	2,041,812	1,851,910	1,968,227	1,931,832	2,170,769
Capital Assets Held as Investments	-	-	-	-	42,896	42,899	33,055	-	-	-
Total Noncurrent Assets	16,594,684	18,611,132	18,409,624	17,445,220	16,332,808	15,898,750	15,922,776	15,922,407	16,117,742	15,261,694
TOTAL ASSETS	38,711,392	34,439,781	26,568,988	24,238,207	22,500,849	21,186,173	21,040,128	21,260,606	20,579,510	19,629,030
DEFERRED OUTFLOW OF RESOURCES:	2,379,265	1,654,895	2,348,666	4,421,051	2,563,034	3,503,643	818,761	350,796	18,289	-
LIABILITIES:										
Current Liabilities:										
Tax Refunds Payable	1,153,949	1,154,442	951,302	927,857	918,688	886,992	856,076	669,992	718,211	718,077
Accounts Payable and Accrued Liabilities	2,031,900	1,756,431	1,428,804	1,318,548	1,369,262	1,165,137	1,166,681	1,367,263	1,043,961	742,225
TABOR Refund Liability (Note 2B)	3,848,101	547,872	143,993	431,685	39,837	21,807	31,358	173,346	706	706
Due To Other Governments	487,922	379,075	375,757	283,432	306,883	395,627	232,724	233,087	245,300	198,953
Due To Component Units	-	-	-	-	-	-	-	-	15	81
Unearned Revenue	3,801,840	4,513,916	1,291,503	150,512	185,677	126,307	123,769	100,467	92,674	95,026
Accrued Compensated Absences	21,087	15,331	15,719	14,097	12,758	11,865	11,522	12,185	10,470	10,955
Claims and Judgments Payable	46,036	45,135	46,660	42,298	42,812	46,369	46,343	47,682	61,623	46,873
Leases Payable	44,761	30,538	27,212	26,162	25,789	28,254	28,261	27,760	26,941	20,004
Notes, Bonds, and COPs Payable	144,466	110,285	70,565	50,865	55,515	46,990	171,835	200,975	187,910	174,340
Other Current Liabilities	31,332	24,245	23,647	31,020	22,837	27,678	29,525	19,052	19,979	14,834
Total Current Liabilities	11,611,394	8,577,270	4,375,162	3,276,476	2,980,058	2,757,026	2,698,094	2,851,809	2,407,790	2,022,074
Noncurrent Liabilities:										
Deposits Held In Custody For Others	1,482	1,779	598	584	136	116	90	139	139	17
Accrued Compensated Absences	203,695	214,870	197,457	166,680	162,645	158,435	154,510	149,817	145,992	138,413
Claims and Judgments Payable	126,846	141,339	151,757	168,190	180,865	260,535	276,010	299,785	301,591	323,451
Leases Payable	217,666	87,460	92,610	97,438	106,084	113,899	122,404	144,569	148,055	131,006
Notes, Bonds, and COPs Payable	4,609,947	3,881,964	2,837,608	2,108,495	1,379,778	1,266,507	1,174,467	1,331,892	1,541,225	1,611,220
Net Pension Liability	5,828,306	5,874,655	7,804,791	9,377,357	11,933,852	10,919,603	6,295,004	5,565,526	-	-
Other Postemployment Benefits	182,721	203,724	233,180	284,264	272,038	-	-	-	-	-
Other Long-Term Liabilities	235,415	228,926	229,134	267,983	457,567	407,912	415,669	423,809	402,954	444,118
Total Noncurrent Liabilities	11,406,078	10,634,717	11,547,135	12,470,991	14,492,965	13,127,007	8,438,154	7,915,537	2,539,956	2,648,225
TOTAL LIABILITIES	23,017,472	19,211,987	15,922,297	15,747,467	17,473,023	15,884,033	11,136,248	10,767,346	4,947,746	4,670,299
DEFERRED INFLOW OF RESOURCES:	3,689,509	3,531,733	3,704,384	4,997,905	560,903	98,746	133,375	47,262	338	-
Net investment in Capital Assets:	8,901,296	9,172,398	9,648,006	10,327,956	10,879,491	14,071,021	11,330,474	10,654,690	10,125,644	10,107,082
Restricted for:										
Construction and Highway Maintenance	656,022	671,488	874,840	954,461	885,775	915,033	966,743	936,535	1,080,201	1,145,997
Education	964,741	724,957	194,060	203,648	295,468	107,012	309,957	766,688	1,110,180	1,265,476
Debt Service	144,800	148,326	115,664	104,011	91,950	79,966	68,105	56,534	44,752	33,113
Emergencies	349,981	244,000	208,095	191,245	201,166	194,369	217,328	217,328	153,150	161,350
Permanent Funds and Endowments:										
Expendable	12,954	8,886	8,936	10,651	8,267	7,643	5,801	7,301	7,271	6,328
Nonexpendable	1,396,078	1,457,856	1,419,630	1,291,071	1,087,000	1,020,225	950,976	896,872	800,132	694,564
Other Purposes	1,144,759	839,781	1,079,316	1,042,422	831,995	671,306	717,185	626,649	358,694	349,811
Unrestricted	813,045	83,264	(4,257,574)	(6,211,579)	(7,251,155)	(8,359,538)	(3,977,303)	(3,365,803)	1,969,691	1,195,010
TOTAL NET POSITION	$ 14,383,676	$ 13,350,956	$ 9,290,973	$ 7,913,886	$ 7,029,957	$ 8,707,037	$ 10,589,266	$ 10,796,794	$ 15,649,715	$ 14,958,731

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

(DOLLARS IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$ 3,125,906	$ 2,662,612	$ 2,023,015	$ 1,841,335	$ 3,093,539	$ 2,846,015	$ 2,525,453	$ 2,454,684	$ 2,246,115	$ 2,169,314
Restricted Cash and Pooled Cash	-	-	391,766	-	-	-	-	-	-	-
Investments	2,861,839	2,261,237	1,926,752	344,755	1,827,559	549,079	392,188	378,115	254,744	281,822
Restricted Investments	-	-	123,303	-	-	-	-	-	-	-
Taxes Receivable, net	149,003	125,713	87,301	115,535	111,099	125,258	123,638	142,241	135,207	137,970
Other Receivables, net	1,072,292	827,965	783,784	770,415	601,666	490,427	640,664	430,306	408,364	381,351
Due From Other Governments	1,004,537	2,550,350	970,990	172,251	145,051	136,231	94,860	134,455	150,697	155,190
Internal Balances	(59,557)	(48,657)	(179,643)	(43,557)	(38,459)	(26,262)	(28,967)	(28,022)	(19,336)	(23,801)
Due From Component Units	22,131	24,857	26,385	28,175	16,174	23,041	18,188	11,370	23,716	18,969
Inventories	49,356	50,406	57,124	58,481	54,944	59,196	54,748	57,950	54,015	52,826
Prepaids, Advances and Deposits	41,143	37,461	37,686	41,567	29,020	31,679	28,756	28,186	37,433	24,806
Total Current Assets	8,266,650	8,491,944	6,248,463	3,328,957	5,840,593	4,234,664	3,849,528	3,609,285	3,290,955	3,198,447
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	217,265	353,797	511,559	1,562,065	284,025	241,268	457,926	499,742	429,965	352,234
Restricted Investments	55,762	131,547	172,683	72,895	106,798	95,280	167,540	246,783	303,678	292,283
Restricted Receivables	32,006	20,808	22,651	39,570	35,362	38,605	40,009	31,609	45,477	45,264
Investments	1,374,316	2,109,357	1,441,901	2,900,742	995,987	2,097,484	1,941,040	1,969,155	1,896,811	1,746,078
Other Long-Term Assets	220,812	114,217	123,685	109,831	130,529	129,350	129,425	129,850	99,380	128,105
Depreciable/Amortizable Capital Assets, net	9,635,331	9,042,147	8,471,869	8,341,557	8,028,339	7,502,858	7,050,226	6,190,355	5,876,698	5,463,065
Land and Nondepreciable Capital Assets	2,701,291	2,195,349	2,349,747	1,952,976	1,843,135	1,921,788	1,652,441	1,788,595	1,370,142	1,229,761
Total Noncurrent Assets	14,236,783	13,967,222	13,094,095	14,979,636	11,424,175	12,026,633	11,438,607	10,856,089	10,022,151	9,256,790
TOTAL ASSETS	22,503,433	22,459,166	19,342,558	18,308,593	17,264,768	16,261,297	15,288,135	14,465,374	13,313,106	12,455,237
DEFERRED OUTFLOW OF RESOURCES:	871,551	909,377	534,121	931,725	1,750,279	2,332,443	649,853	348,635	118,103	551
LIABILITIES:										
Current Liabilities:										
Accounts Payable and Accrued Liabilities	1,018,688	955,419	705,641	697,916	592,545	786,944	771,248	751,169	659,085	602,571
Due To Other Governments	1,497,932	1,693,848	375,140	73,297	64,474	46,765	38,615	22,048	30,805	34,169
Due To Component Units	330	240	151	206	44	1,249	645	623	528	343
Unearned Revenue	455,854	421,714	770,398	351,010	345,734	328,261	306,222	407,108	346,264	305,108
Accrued Compensated Absences	38,223	31,583	28,747	27,340	26,203	25,381	22,761	20,960	18,117	16,609
Claims and Judgments Payable	1,014	819	1,273	1,581	-	-	-	-	-	-
Leases Payable	21,276	5,984	5,832	5,474	6,529	7,292	9,132	8,618	6,610	6,575
Notes, Bonds, and COPs Payable	158,167	104,291	179,765	196,235	154,053	146,604	267,134	251,947	244,366	233,811
Other Postemployment Benefits	16,560	14,753	16,448	-	-	-	-	-	14,076	17,052
Other Current Liabilities	391,334	2,813,580	813,537	323,850	191,660	134,584	139,765	125,054	127,033	142,868
Total Current Liabilities	3,599,378	6,042,231	2,896,932	1,676,909	1,381,242	1,477,080	1,555,522	1,587,527	1,446,884	1,359,106
Noncurrent Liabilities:										
Deposits Held In Custody For Others	25	25	25	25	20	20	20	-	-	-
Accrued Compensated Absences	441,545	433,340	397,622	350,352	339,007	317,070	293,365	268,600	250,148	236,329
Claims and Judgments Payable	54,933	52,714	45,168	42,390	35,505	37,361	39,657	41,460	40,982	38,993
Leases Payable	137,846	68,240	29,813	31,928	41,623	42,599	47,994	45,663	35,582	35,153
Derivative Instrument Liability	5,041	25,602	46,864	14,193	6,837	9,251	13,222	9,515	8,566	8,333
Notes, Bonds, and COPs Payable	5,753,609	5,082,716	4,917,042	4,757,334	4,970,288	4,638,363	4,480,091	4,418,327	4,131,227	3,898,265
Due to Component Units	1,364	1,458	1,704	1,798	1,692	1,678	1,631	1,661	1,743	1,755
Net Pension Liability	2,582,558	3,370,077	3,570,647	4,237,019	7,448,575	6,934,505	3,957,073	3,579,748	-	-
Other Postemployment Benefits	1,368,070	1,041,543	835,859	1,015,792	938,450	343,570	289,133	241,779	181,511	177,176
Other Long-Term Liabilities	141,674	138,497	102,896	110,482	59,956	15,863	28,569	83,521	44,768	11,972
Total Noncurrent Liabilities	10,486,665	10,214,212	9,947,640	10,561,313	13,841,953	12,340,280	9,150,755	8,690,274	4,694,527	4,407,976
TOTAL LIABILITIES	14,086,043	16,256,443	12,844,572	12,238,222	15,223,195	13,817,360	10,706,277	10,277,801	6,141,411	5,767,082
DEFERRED INFLOW OF RESOURCES:	1,473,096	1,260,085	1,918,407	2,482,076	620,945	206,047	250,058	38,380	-	-
Net investment in Capital Assets:	6,151,070	5,973,861	5,923,907	5,618,074	5,108,898	6,982,288	5,051,345	4,417,947	3,653,265	3,571,408
Restricted for:										
Education	738,283	632,230	978,486	870,941	470,363	504,096	462,636	439,535	642,611	-
Unemployment Insurance	-	-	(18,877)	1,258,552	1,070,082	911,183	740,049	620,575	402,770	218,076
Debt Service	33,648	36,346	16,081	80,693	219,248	28,429	85,617	75,666	39,862	8,439
Emergencies	-	-	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Permanent Funds and Endowments:										
Expendable	200,814	232,960	173,493	173,553	173,406	165,637	157,611	150,270	7,901	11,716
Nonexpendable	88,147	89,102	83,909	83,198	84,480	91,878	83,274	87,679	64,712	61,159
Other Purposes	34,778	34,494	34,528	118,895	65,961	65,961	101,209	88,686	56,296	631,921
Unrestricted	569,105	(1,146,978)	(2,111,827)	(3,717,886)	(4,055,531)	(4,213,139)	(1,734,088)	(1,416,530)	2,388,381	2,151,987
TOTAL NET POSITION	$ 7,815,845	$ 5,852,015	$ 5,113,700	$ 4,520,020	$ 3,170,907	$ 4,570,333	$ 4,981,653	$ 4,497,828	$ 7,289,798	$ 6,688,706

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

(DOLLARS IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
ASSETS:										
Current Assets:										
Cash and Pooled Cash	$17,046,499	$ 13,887,487	$ 4,544,664	$ 5,499,569	$ 6,200,756	$ 5,413,234	$ 5,228,869	$ 5,151,634	$ 4,548,471	$ 4,718,934
Restricted Cash and Pooled Cash	3,067,114	122,403	1,003,392	-	-	-	-	-	-	-
Investments	2,861,839	2,261,237	1,926,752	344,755	1,827,559	549,079	392,188	378,115	263,204	285,319
Restricted Investments	-	-	123,303	-	-	-	-	-	-	-
Taxes Receivable, net	1,706,091	1,865,027	2,833,959	1,838,031	1,587,396	1,450,947	1,374,823	1,395,148	1,359,836	1,256,299
Other Receivables, net	1,876,218	1,491,377	1,393,449	1,478,624	1,256,427	1,208,087	1,213,319	881,111	618,426	571,288
Due From Other Governments	3,313,863	4,188,681	1,774,209	641,191	899,961	660,471	534,913	921,724	721,418	524,439
Due From Component Units	22,131	24,857	26,385	28,194	16,192	23,195	18,535	11,505	23,770	19,088
Inventories	298,967	319,833	199,491	159,642	107,046	113,348	108,009	112,144	107,140	108,145
Prepaids, Advances and Deposits	190,636	159,691	582,223	131,938	113,297	103,726	96,224	96,103	110,458	82,271
Total Current Assets	30,383,358	24,320,593	14,407,827	10,121,944	12,008,634	9,522,087	8,966,880	8,947,484	7,752,723	7,565,783
Noncurrent Assets:										
Restricted Assets:										
Restricted Cash and Pooled Cash	623,115	3,325,037	2,322,372	3,304,856	1,873,951	1,735,264	2,381,846	2,640,471	2,984,903	2,150,666
Restricted Investments	1,293,534	1,456,022	1,384,994	1,171,438	954,385	962,852	900,202	1,007,923	961,450	890,492
Restricted Receivables	378,156	344,293	476,202	484,954	668,535	626,185	550,037	394,909	303,584	221,319
Investments	1,526,276	2,267,844	3,006,701	4,077,777	1,445,295	2,352,553	2,160,409	2,249,255	2,325,132	2,210,613
Other Long-Term Assets	997,659	878,066	895,570	868,375	743,778	744,282	805,234	766,110	785,729	868,840
Depreciable/Amortizable Capital Assets, net	19,948,544	19,105,830	18,328,443	18,442,874	18,270,723	17,497,748	17,026,249	15,963,006	15,477,121	14,776,024
Land and Nondepreciable Capital Assets	6,064,183	5,201,262	5,089,437	4,074,582	3,757,420	3,963,600	3,504,351	3,756,822	3,301,974	3,400,530
Capital Assets Held as Investments	-	-	-	-	42,896	42,899	33,055	-	-	-
Total Noncurrent Assets	30,831,467	32,578,354	31,503,719	32,424,856	27,756,983	27,925,383	27,361,383	26,778,496	26,139,893	24,518,484
TOTAL ASSETS	61,214,825	56,898,947	45,911,546	42,546,800	39,765,617	37,447,470	36,328,263	35,725,980	33,892,616	32,084,267
DEFERRED OUTFLOW OF RESOURCES:	3,250,816	2,564,272	2,882,787	5,352,776	4,313,313	5,836,086	1,468,614	699,431	136,392	551
LIABILITIES:										
Current Liabilities:										
Tax Refunds Payable	1,153,949	1,154,442	951,302	927,857	918,688	886,992	856,076	669,992	718,211	718,077
Accounts Payable and Accrued Liabilities	3,050,588	2,711,850	2,134,445	2,016,464	1,961,807	1,952,081	1,937,929	2,118,432	1,703,046	1,344,796
TABOR Refund Liability (Note 2B)	3,848,101	547,872	143,993	431,685	39,837	21,807	31,358	173,346	706	706
Due To Other Governments	1,985,854	2,072,923	750,897	356,729	371,357	442,392	271,339	255,135	276,105	233,122
Due To Component Units	330	240	151	206	44	1,249	645	623	543	424
Unearned Revenue	4,257,694	4,935,630	2,061,901	501,522	531,411	454,568	429,991	507,575	438,938	400,134
Accrued Compensated Absences	59,310	46,914	44,466	41,437	38,961	37,246	34,283	33,145	28,587	27,564
Claims and Judgments Payable	47,050	45,954	47,933	43,879	42,812	46,369	46,343	47,682	61,623	46,873
Leases Payable	66,037	36,522	33,044	31,636	32,318	35,546	37,393	36,378	33,551	26,579
Notes, Bonds, and COPs Payable	302,633	214,576	250,330	247,100	209,568	193,594	438,969	452,922	432,276	408,151
Other Postemployment Benefits	16,560	14,753	16,448	-	-	-	-	-	14,076	17,052
Other Current Liabilities	422,666	2,837,825	837,184	354,870	214,497	162,262	169,290	144,106	147,012	157,702
Total Current Liabilities	15,210,772	14,619,501	7,272,094	4,953,385	4,361,300	4,234,106	4,253,616	4,439,336	3,854,674	3,381,180
Noncurrent Liabilities:										
Due to Other Funds	-	-	-	-						
Deposits Held In Custody For Others	1,507	1,804	623	609	156	136	110	139	139	17
Accrued Compensated Absences	645,240	648,210	595,079	517,032	501,652	475,505	447,875	418,417	396,140	374,742
Claims and Judgments Payable	181,779	194,053	196,925	210,580	216,370	297,896	315,667	341,245	342,573	362,444
Leases Payable	355,512	155,700	122,423	129,366	147,707	156,498	170,398	190,232	183,637	166,159
Derivative Instrument Liability	5,041	25,602	46,864	14,193	6,837	9,251	13,222	9,515	8,566	8,333
Notes, Bonds, and COPs Payable	10,363,556	8,964,680	7,754,650	6,865,829	6,350,066	5,904,870	5,654,558	5,750,219	5,672,452	5,509,485
Due to Component Units	1,364	1,458	1,704	1,798	1,692	1,678	1,631	1,661	1,743	1,755
Net Pension Liability	8,410,864	9,244,732	11,375,438	13,614,376	19,382,427	17,854,108	10,252,077	9,145,274	-	-
Other Postemployment Benefits	1,550,791	1,245,267	1,069,039	1,300,056	1,210,488	343,570	289,133	241,779	181,511	177,176
Other Long-Term Liabilities	377,089	367,423	332,030	378,465	517,523	423,775	444,238	507,330	447,722	456,090
Total Noncurrent Liabilities	21,892,743	20,848,929	21,494,775	23,032,304	28,334,918	25,467,287	17,588,909	16,605,811	7,234,483	7,056,201
TOTAL LIABILITIES	37,103,515	35,468,430	28,766,869	27,985,689	32,696,218	29,701,393	21,842,525	21,045,147	11,089,157	10,437,381
DEFERRED INFLOW OF RESOURCES:	5,162,605	4,791,818	5,622,791	7,479,981	1,181,848	304,793	383,433	85,642	338	-
Net investment in Capital Assets:	15,052,366	15,146,259	15,571,913	15,946,030	15,988,389	21,053,309	16,381,819	15,072,637	13,778,909	13,678,490
Restricted for:										
Construction and Highway Maintenance	656,022	671,488	874,840	954,461	885,775	915,033	966,743	936,535	1,080,201	1,145,997
Education	1,703,024	1,357,187	1,172,546	1,074,589	765,831	611,108	772,593	1,206,223	1,752,791	1,265,476
Unemployment Insurance	-	-	(18,877)	1,258,552	1,070,082	911,183	740,049	620,575	402,770	218,076
Debt Service	178,448	184,672	131,745	184,704	311,198	108,395	153,722	132,200	84,614	41,552
Emergencies	349,981	244,000	242,095	225,245	235,166	228,369	251,328	251,328	187,150	195,350
Permanent Funds and Endowments:										
Expendable	213,768	241,846	182,429	184,204	181,673	173,280	163,412	157,571	15,172	18,044
Nonexpendable	1,484,225	1,546,958	1,503,539	1,374,269	1,171,480	1,112,103	1,034,250	984,551	864,844	755,723
Other Purposes	1,179,537	874,275	1,113,844	1,161,317	897,956	737,267	818,394	715,335	414,990	981,732
Unrestricted	1,382,150	(1,063,714)	(6,369,401)	(9,929,465)	(11,306,686)	(12,572,677)	(5,711,391)	(4,782,333)	4,358,072	3,346,997
TOTAL NET POSITION	$22,199,521	$ 19,202,971	$14,404,673	$12,433,906	$10,200,864	$13,277,370	$15,570,919	$15,294,622	$22,939,513	$21,647,437

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 673,509	$ 598,900	$ 559,579	$ 559,093	$ 564,076	$ 541,936	$ 518,820	$ 501,319	$ 472,215	$ 447,232
Service Fees	385,121	379,086	406,363	390,589	358,109	1,006,976	1,139,226	879,139	901,839	965,614
Fines and Forfeits	187,272	210,963	190,399	225,878	190,733	206,662	195,256	201,021	181,098	248,520
Rents and Royalties	228,547	131,454	156,296	175,085	147,310	132,310	142,752	199,067	182,893	133,901
Sales of Products	3,783	4,964	16,763	10,042	3,218	3,205	3,303	3,390	2,141	2,851
Unemployment Surcharge	48,730	40,154	38,076	34,091	34,245	32,507	30,768	29,381	28,635	25,724
Other	385,954	369,431	187,856	211,706	152,285	138,928	143,251	131,151	144,949	127,083
Operating Grants and Contributions	11,040,507	10,495,268	7,788,096	6,822,479	6,627,757	8,149,334	8,578,146	7,726,668	6,782,914	5,860,052
Capital Grants and Contributions	604,090	544,553	617,224	428,332	745,497	814,739	819,321	817,469	728,544	700,548
TOTAL PROGRAM REVENUES	13,557,513	12,774,773	9,960,652	8,857,295	8,823,230	11,026,597	11,570,843	10,488,605	9,425,228	8,511,525
EXPENSES:										
General Government	653,468	822,391	1,214,677	1,493,871	739,872	653,247	485,611	449,261	447,359	555,507
Business, Community, and Consumer Affairs	1,602,867	1,368,553	713,827	734,786	912,495	919,676	777,458	711,558	641,182	584,300
Education	8,127,798	6,656,947	6,875,955	6,469,072	6,086,573	6,045,204	5,859,964	5,687,573	5,472,563	5,187,481
Health and Rehabilitation	2,230,242	1,660,656	836,872	935,044	1,258,445	1,170,889	2,898,841	822,556	720,997	697,795
Justice	2,303,604	1,691,958	1,734,902	1,970,515	3,254,155	2,974,666	2,209,158	2,075,534	1,840,989	1,655,057
Natural Resources	161,976	99,053	90,248	123,036	219,659	169,528	135,491	120,374	92,383	77,934
Social Assistance	11,812,410	10,157,280	9,430,179	8,589,168	8,810,715	10,489,419	8,825,599	9,627,104	8,089,560	7,174,711
Transportation	1,941,505	1,632,855	1,884,872	1,875,438	2,179,299	2,105,462	1,830,368	1,896,904	1,872,441	1,769,013
Total Governmental Activities										
Interest on Debt	117,938	135,332	103,339	109,075	60,778	58,764	62,021	59,078	53,094	16,284
TOTAL EXPENSES	28,951,808	24,225,025	22,884,871	22,300,005	23,521,991	24,586,855	23,084,511	21,449,942	19,230,568	17,718,082
NET (EXPENSE) REVENUE	(15,394,295)	(11,450,252)	(12,924,219)	(13,442,710)	(14,698,761)	(13,560,258)	(11,513,668)	(10,961,337)	(9,805,340)	(9,206,557)
GENERAL REVENUES AND										
OTHER CHANGES IN NET POSITION:										
Sales and Use Taxes	4,632,361	3,954,846	3,703,217	3,632,282	3,449,844	3,151,679	2,940,839	2,762,222	2,754,977	2,498,006
Excise Taxes	547,853	433,686	330,600	301,292	311,625	321,419	290,276	267,858	236,761	240,895
Individual Income Tax	7,157,507	8,292,319	8,037,272	7,505,245	6,978,833	6,291,376	6,061,679	5,847,141	5,285,634	5,154,624
Corporate Income Tax	1,471,691	1,090,209	638,303	963,380	714,313	432,802	643,761	613,316	600,002	606,883
Other Taxes	924,118	517,762	562,124	705,986	577,961	452,042	410,277	673,275	617,612	453,305
Restricted Taxes	1,627,154	1,468,337	1,271,553	1,348,050	1,273,482	1,169,457	1,132,687	1,186,515	1,052,692	1,039,105
Unrestricted Investment Earnings (Losses)	70,997	50,931	37,599	30,196	21,798	16,987	15,705	11,992	17,312	16,842
Other General Revenues	114,568	104,683	95,460	95,051	199,934	103,476	107,005	96,613	112,958	97,402
(Transfers-Out) / Transfers-In	(443,435)	(366,962)	(395,097)	(279,131)	(254,324)	(353,647)	(352,733)	(256,738)	(172,442)	(128,535)
Internal Capital Contributions	-	-	-	-	44	-	(1,583)	-	-	-
Permanent Fund Additions	315,002	141,128	580	1,062	277	766	80	401	397	741
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	16,417,816	15,686,939	14,281,611	14,303,413	13,273,787	11,586,357	11,247,993	11,202,595	10,505,903	9,979,268
TOTAL CHANGES IN NET POSITION	1,023,521	4,236,687	1,357,392	860,703	(1,424,974)	(1,973,901)	(265,675)	241,258	700,563	772,711
NET POSITION - BEGINNING	13,350,956	9,290,973	7,913,886	7,029,957	8,707,037	10,589,266	10,796,794	15,649,715	14,958,731	14,179,064
Prior Period Adjustment	8,978	(196,566)	19,695	23,226	8,583	91,672	58,147	(6,626)	1,718	6,956
Accounting Changes	221	19,862	-	-	(260,689)	-	-	(5,087,553)	(11,297)	-
NET POSITION, FISCAL YEAR BEGINNING (as restated)	13,360,155	9,114,269	7,933,581	7,053,183	8,454,931	10,680,938	10,854,941	10,555,536	14,949,152	14,186,020
NET POSITION - ENDING	$ 14,383,676	$ 13,350,956	$ 9,290,973	$ 7,913,886	$ 7,029,957	$ 8,707,037	$ 10,589,266	$ 10,796,794	$ 15,649,715	$ 14,958,731

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 224,091	$ 219,820	$ 205,044	$ 179,382	$ 168,045	$ 165,182	$ 159,704	$ 157,971	$ 141,770	$ 133,315
Service Fees	3,408,111	2,932,454	2,766,551	2,712,042	2,449,817	1,404,677	1,297,576	1,145,897	1,068,966	958,451
Education - Tuition, Fees, and Sales	3,504,334	3,055,836	3,483,570	3,484,740	3,404,969	3,239,887	3,005,967	2,881,240	2,672,136	2,512,026
Fines and Forfeits	3,090	3,336	3,648	3,493	4,630	5,769	4,101	3,968	15,470	12,860
Rents and Royalties	83,401	67,981	69,154	52,866	74,482	45,177	40,077	41,944	39,675	47,881
Sales of Products	889,172	847,369	722,152	747,732	686,196	622,179	661,084	605,101	607,744	636,115
Unemployment Surcharge	741,627	602,104	546,038	546,650	562,095	646,336	603,708	698,609	736,985	725,854
Other	270,765	202,739	243,765	207,087	164,008	188,112	165,237	155,707	154,424	159,162
Operating Grants and Contributions	7,371,360	14,095,372	8,374,699	5,119,323	5,082,655	2,556,915	2,449,163	2,281,931	2,569,038	2,730,519
Capital Grants and Contributions	153,514	183,207	123,273	62,609	89,542	43,873	42,996	78,304	56,899	96,655
TOTAL PROGRAM REVENUES	16,649,465	22,210,218	16,537,894	13,115,924	12,686,439	8,918,107	8,429,613	8,050,672	8,063,107	8,012,838
EXPENSES:										
Higher Education	8,339,105	6,900,408	6,993,311	7,111,041	8,612,196	7,829,889	6,446,902	6,004,484	5,618,507	5,258,665
Healthcare Affordability	4,550,548	4,198,822	3,515,207	3,414,018	3,294,611	-	-	-	-	-
Unemployment Insurance	1,607,811	9,465,001	4,765,139	385,192	444,181	518,891	531,607	530,130	756,484	1,055,148
Lottery	717,699	691,944	582,721	580,808	547,805	494,110	517,847	474,578	477,434	501,010
Parks and Wildlife	225,095	170,705	166,782	184,870	294,065	257,959	203,794	191,426	170,898	177,497
College Assist	171,430	79,637	201,200	222,726	247,361	315,478	320,774	338,631	341,684	407,229
Other Business-Type Activities	496,569	523,885	128,606	212,190	301,094	219,844	282,471	217,838	209,871	187,265
TOTAL EXPENSES	16,108,257	22,030,402	16,352,966	12,110,845	13,741,313	9,636,171	8,303,395	7,757,087	7,574,878	7,586,814
NET (EXPENSE) REVENUE	541,208	179,816	184,928	1,005,079	(1,054,874)	(718,064)	126,218	293,585	488,229	426,024
GENERAL REVENUES AND										
OTHER CHANGES IN NET POSITION:										
Other Taxes	11,556	9,238	-	-	-	-	-	7	-	-
Special and/or Extraordinary Items	-	-	-	-	-	(808)	-	-	(22,186)	-
(Transfers-Out) / Transfers-In	443,435	366,962	395,097	279,131	254,324	353,647	352,733	256,738	172,442	128,535
Internal Capital Contributions	-	-	-	57,541	51,439	-	10,183	-	-	-
Permanent Fund Additions	8	5	-	-	-	-	-	-	-	-
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	454,999	376,205	395,097	336,672	305,763	352,839	362,916	256,745	150,256	128,535
TOTAL CHANGES IN NET POSITION	996,207	556,021	580,025	1,341,751	(749,111)	(365,225)	489,134	550,330	638,485	554,559
NET POSITION - BEGINNING	5,852,015	5,113,700	4,520,020	3,170,907	4,570,333	4,981,653	4,497,828	7,289,798	6,688,706	6,139,998
Prior Period Adjustment	978,053	181,689	11,209	7,362	-	545	(5,309)	-	(6,922)	(5,851)
Accounting Changes	(10,430)	605	2,446	-	(650,315)	(46,640)	-	(3,342,300)	(30,471)	-
NET POSITION, FISCAL YEAR BEGINNING (as restated)	6,819,638	5,295,994	4,533,675	3,178,269	3,920,018	4,935,558	4,492,519	3,947,498	6,651,313	6,134,147
NET POSITION - ENDING	$ 7,815,845	$ 5,852,015	$ 5,113,700	$ 4,520,020	$ 3,170,907	$ 4,570,333	$ 4,981,653	$ 4,497,828	$ 7,289,798	$ 6,688,706

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

(DOLLARS IN THOUSANDS)

Functions/Programs	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PROGRAM REVENUES:										
Charges for Services:										
Licenses and Permits	$ 897,600	$ 818,720	$ 764,623	$ 738,475	$ 732,121	$ 707,118	$ 678,524	$ 659,290	$ 613,985	$ 580,547
Service Fees	3,793,232	3,311,540	3,172,914	3,102,631	2,807,926	2,411,653	2,436,802	2,025,036	1,970,805	1,924,065
Education - Tuition, Fees, and Sales	3,504,334	3,055,836	3,483,570	3,484,740	3,404,969	3,239,887	3,005,967	2,881,240	2,672,136	2,512,026
Fines and Forfeits	190,362	214,299	194,047	229,371	195,363	212,431	199,357	204,989	196,568	261,380
Rents and Royalties	311,948	199,435	225,450	227,951	221,792	177,487	182,829	241,011	222,568	181,782
Sales of Products	892,955	852,333	738,915	757,774	689,414	625,384	664,387	608,491	609,885	638,966
Unemployment Surcharge	790,357	642,258	584,114	580,741	596,340	678,843	634,476	727,990	765,620	751,578
Other	656,719	572,170	431,621	418,793	316,293	327,040	308,488	286,858	299,373	286,245
Operating Grants and Contributions	18,411,867	24,590,640	16,162,795	11,941,802	11,710,412	10,706,249	11,027,309	10,008,599	9,351,952	8,590,571
Capital Grants and Contributions	757,604	727,760	740,497	490,941	835,039	858,612	862,317	895,773	785,443	797,203
TOTAL PROGRAM REVENUES	30,206,978	34,984,991	26,498,546	21,973,219	21,509,669	19,944,704	20,000,456	18,539,277	17,488,335	16,524,363
EXPENSES:										
General Government	653,468	822,391	1,214,677	1,493,871	739,872	653,247	485,611	449,261	447,359	555,507
Business, Community, and Consumer Affairs	1,602,867	1,368,553	713,827	734,786	912,495	919,676	777,458	711,558	641,182	584,300
Education	8,127,798	6,656,947	6,875,955	6,469,072	6,086,573	6,045,204	5,859,964	5,687,573	5,472,563	5,187,481
Health and Rehabilitation	2,230,242	1,660,656	836,872	935,044	1,258,445	1,170,889	2,898,841	822,556	720,997	697,795
Justice	2,303,604	1,691,958	1,734,902	1,970,515	3,254,155	2,974,666	2,209,158	2,075,534	1,840,989	1,655,057
Natural Resources	161,976	99,053	90,248	123,036	219,659	169,528	135,491	120,374	92,383	77,934
Social Assistance	11,812,410	10,157,280	9,430,179	8,589,168	8,810,715	10,489,419	8,825,599	9,627,104	8,089,560	7,174,711
Transportation	1,941,505	1,632,855	1,884,872	1,875,438	2,179,299	2,105,462	1,830,368	1,896,904	1,872,441	1,769,013
Interest on Debt	117,938	135,332	103,339	109,075	60,778	58,764	62,021	59,078	53,094	16,284
Higher Education	8,339,105	6,900,408	6,993,311	7,111,041	8,612,196	7,829,889	6,446,902	6,004,484	5,618,507	5,258,665
Healthcare Affordability	4,550,548	4,198,822	3,515,207	3,414,018	3,294,611	-	-	-	-	-
Unemployment Insurance	1,607,811	9,465,001	4,765,139	385,192	444,181	518,891	531,607	530,130	756,484	1,055,148
Lottery	717,699	691,944	582,721	580,808	547,805	494,110	517,847	474,578	477,434	501,010
Parks and Wildlife	225,095	170,705	166,782	184,870	294,065	257,959	203,794	191,426	170,898	177,497
College Assist	171,430	79,637	201,200	222,726	247,361	315,478	320,774	338,631	341,684	407,229
Other Business-Type Activities	496,569	523,885	128,606	212,190	301,094	219,844	282,471	217,838	209,871	187,265
TOTAL EXPENSES	45,060,065	46,255,427	39,237,837	34,410,850	37,263,304	34,223,026	31,387,906	29,207,029	26,805,446	25,304,896
NET (EXPENSE) REVENUE	(14,853,087)	(11,270,436)	(12,739,291)	(12,437,631)	(15,753,635)	(14,278,322)	(11,387,450)	(10,667,752)	(9,317,111)	(8,780,533)
GENERAL REVENUES AND										
OTHER CHANGES IN NET POSITION:										
Sales and Use Taxes	4,632,361	3,954,846	3,703,217	3,632,282	3,449,844	3,151,679	2,940,839	2,762,222	2,754,977	2,498,006
Excise Taxes	547,853	433,686	330,600	301,292	311,625	321,419	290,276	267,858	236,761	240,895
Individual Income Tax	7,157,507	8,292,319	8,037,272	7,505,245	6,978,833	6,291,376	6,061,679	5,847,141	5,285,634	5,154,624
Corporate Income Tax	1,471,691	1,090,209	638,303	963,380	714,313	432,802	643,761	613,316	600,002	606,883
Other Taxes	935,674	527,000	562,124	705,986	577,961	452,042	410,277	673,282	617,612	453,305
Restricted Taxes	1,627,154	1,468,337	1,271,553	1,348,050	1,273,482	1,169,457	1,132,687	1,186,515	1,052,692	1,039,105
Unrestricted Investment Earnings (Losses)	70,997	50,931	37,599	30,196	21,798	16,987	15,705	11,992	17,312	16,842
Other General Revenues	114,568	104,683	95,460	95,051	199,934	103,476	107,005	96,613	112,958	97,402
Special and/or Extraordinary Items	-	-	-	-	-	(808)	-	-	(22,186)	0
Internal Capital Contributions	-	-	-	57,541	51,483	-	8,600	-	-	-
Permanent Fund Additions	315,010	141,133	580	1,062	277	766	80	401	397	741
TOTAL GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:	16,872,815	16,063,144	14,676,708	14,640,085	13,579,550	11,939,196	11,610,909	11,459,340	10,656,159	10,107,803
TOTAL CHANGES IN NET POSITION	2,019,728	4,792,708	1,937,417	2,202,454	(2,174,085)	(2,339,126)	223,459	791,588	1,339,048	1,327,270
NET POSITION - BEGINNING	19,202,971	14,404,673	12,433,906	10,200,864	13,277,370	15,570,919	15,294,622	22,939,513	21,647,437	20,319,062
Prior Period Adjustment	987,031	(14,877)	30,904	30,588	8,583	92,217	52,838	(6,626)	(5,204)	1,105
Accounting Changes	(10,209)	20,467	2,446	-	(911,004)	(46,640)	-	(8,429,853)	(41,768)	-
NET POSITION, FISCAL YEAR BEGINNING (as restated)	20,179,793	14,410,263	12,467,256	10,231,452	12,374,949	15,616,496	15,347,460	14,503,034	21,600,465	20,320,167
NET POSITION - ENDING	$ 22,199,521	$ 19,202,971	$ 14,404,673	$ 12,433,906	$ 10,200,864	$ 13,277,370	$ 15,570,919	$ 15,294,622	$ 22,939,513	$ 21,647,437

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

(DOLLARS IN MILLIONS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
REVENUES:										
Taxes	$ 16,414	$ 15,837	$ 14,616	$ 14,199	$ 13,389	$ 11,835	$ 11,471	$ 11,205	$ 10,596	$ 10,018
Less: Excess TABOR Revenues	-	-	-	-	-	-	-	170	-	-
Licenses, Permits, and Fines	961	895	832	869	940	838	810	801	758	789
Charges for Goods and Services	389	386	426	403	363	1,012	1,144	885	905	970
Rents	228	131	156	175	147	132	143	199	183	134
Investment Income	(1,009)	164	397	352	41	46	139	99	115	19
Federal Grants and Contracts	12,588	10,847	7,837	6,680	7,047	8,685	9,047	8,283	7,183	6,428
Unclaimed Property Receipts	110	143	55	47	78	64	65	61	53	37
Other	749	472	354	426	397	338	321	329	365	263
TOTAL REVENUES	30,430	28,875	24,673	23,151	22,402	22,950	23,140	22,032	20,158	18,658
EXPENDITURES:										
Current:										
General Government	412	467	401	377	381	344	324	305	331	325
Business, Community and Consumer Affairs	1,122	880	526	493	480	453	474	469	395	375
Education	1,432	698	982	911	832	869	852	785	730	674
Health and Rehabilitation	2,029	1,623	911	846	778	770	1,784	699	658	641
Justice	2,237	2,108	2,103	1,971	1,808	1,705	1,741	1,648	1,605	1,422
Natural Resources	146	120	131	129	128	113	107	103	107	99
Social Assistance	10,543	9,072	8,345	7,539	7,572	9,358	8,726	8,627	7,416	6,488
Transportation	1,529	1,485	1,555	1,298	1,348	1,364	1,331	1,282	1,203	1,065
Capital Outlay	593	393	418	265	272	189	191	325	298	299
Intergovernmental:										
Cities	637	587	523	503	471	491	425	421	412	297
Counties	2,107	2,205	1,751	1,916	1,759	1,740	1,656	1,627	1,573	1,504
School Districts	6,754	6,033	5,961	5,594	5,171	5,122	4,995	4,909	4,475	4,235
Other	539	393	451	410	244	255	227	205	202	323
Debt Service	318	229	163	179	128	239	280	270	261	247
TOTAL EXPENDITURES	30,398	26,293	24,221	22,431	21,372	23,012	23,113	21,675	19,666	17,994
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	32	2,582	452	720	1,030	(62)	27	357	492	664
OTHER FINANCING SOURCES (USES)										
Transfers-In	3,076	2,737	1,702	1,813	5,447	5,851	4,915	4,535	5,405	5,750
Transfers-Out:										
Higher Education	(284)	(284)	(284)	(376)	(230)	(230)	(181)	(181)	(143)	(135)
Other	(3,226)	(2,812)	(1,811)	(1,711)	(5,458)	(5,966)	(5,079)	(4,607)	(5,390)	(5,728)
Face Amount of Debt Issued	650	775	666	740	156	129	11	-	97	196
Bond Premium/Discount	155	178	137	57	21	14	-	-	6	9
Capital Lease Debt Issuance	288	5	1	1	4	1	-	-	25	1
Sale of Capital Assets	11	7	55	24	10	15	7	3	27	31
Insurance Recoveries	2	6	3	2	7	8	5	13	2	1
Debt Refunding Issuance	-	19	-	-	-	-	-	-	112	31
Debt Refunding Premium Proceeds	-	4	-	-	-	-	-	-	-	-
Debt Refunding Payments	-	(23)	-	-	-	-	-	-	-	(31)
TOTAL OTHER FINANCING SOURCES (USES)	672	612	469	550	(43)	(178)	(322)	(237)	141	125
NET CHANGE IN FUND BALANCE	704	3,194	921	1,270	987	(240)	(295)	120	633	789
FUND BALANCE - BEGINNING	12,746	9,492	8,579	7,349	6,364	6,609	6,847	6,734	6,100	5,293
Prior Period Adjustments	9	40	(8)	(40)	(2)	(5)	58	(7)	-	18
Accounting Changes	-	20	-	-	-	-	-	-	1	-
FUND BALANCE, FISCAL YEAR BEGINNING (as restated)	12,755	9,552	8,571	7,309	6,362	6,604	6,905	6,727	6,101	5,311
FUND BALANCE - ENDING	$ 13,459	$ 12,746	$ 9,492	$ 8,579	$ 7,349	$ 6,364	$ 6,609	$ 6,847	$ 6,734	$ 6,100

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

(DOLLARS IN MILLIONS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Income Tax:										
Individual	$ 7,163	$ 8,306	$ 8,056	$ 7,328	$ 7,006	$ 6,209	$ 5,993	$ 5,888	$ 5,273	$ 5,149
Corporate	1,469	1,118	670	856	736	467	606	635	665	597
(Refunds)										
Net Income Tax	$ 8,632	$ 9,424	8,726	8,184	7,742	$ 6,676	6,599	6,523	5,938	5,746
Sales, Use, and Excise Taxes	4,689	4,033	3,759	3,695	3,501	3,188	2,996	2,990	2,763	2,549
Less: Excess TABOR Revenues	-	-	-	-	-	-	-	(170)	-	-
Net Sales, Use, and Excise Taxes	4,689	4,033	3,759	3,695	3,501	3,188	2,996	2,820	2,763	2,549
Insurance Tax	390	336	337	315	304	291	280	257	239	210
Gaming and Other Taxes	39	45	40	53	156	-	16	14	12	12
Investment Income	69	50	31	27	20	15	13	9	15	17
Severence Taxes to be Refunded	-	-	-	-	-	54	-	-	-	-
Other	-	-	-	-	-	40	26	19	25	21
TOTAL GENERAL REVENUES	$ 13,819	$ 13,888	$ 12,893	$ 12,274	$ 11,723	$ 10,264	$ 9,930	$ 9,642	$ 8,992	$ 8,555
Percent Change From Previous Year	-0.5%	7.7%	5.0%	4.7%	14.2%	3.4%	3.0%	7.2%	5.1%	10.6%
(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)										
Net Income Tax	62.5%	67.9%	67.7%	66.7%	66.0%	65.0%	66.5%	66.5%	66.0%	67.2%
Sales, Use, and Excise Taxes	33.9	29.0	29.2	30.1	29.9	31.2	30.1	30.5	30.7	29.8
Insurance Tax	2.8	2.4	2.6	2.6	2.6	2.8	2.8	2.6	2.7	2.5
Other Taxes	0.3	0.3	0.3	0.4	1.3	0.0	0.2	0.1	0.1	0.1
Interest	0.5	0.4	0.2	0.2	0.2	0.1	0.1	0.1	0.2	0.2
Severence Taxes to be Refunded	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.4	0.3	0.2	0.3	0.2
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURES BY DEPARTMENT[1] AND TRANSFERS
FUNDED BY GENERAL PURPOSE REVENUES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Department:[1]										
Agriculture	$ 41,887	$ (17)	$ 12,018	$ 11,346	$ 10,428	$ 10,639	$ 10,050	$ 8,633	$ 7,697	$ 6,975
Corrections	856,220	2,841	876,905	837,497	773,788	748,559	758,545	717,579	675,706	652,394
Education	4,283,225	14,771	4,412,459	4,114,576	4,070,889	3,764,298	3,477,785	3,357,324	3,153,609	3,014,681
Governor	85,577	827,832	45,321	42,375	36,283	39,615	34,609	30,267	22,819	18,555
Health Care Policy and Financing	3,012,391	4,079,836	3,021,536	2,923,196	2,727,717	2,468,392	2,446,338	2,274,875	2,100,771	1,829,776
Higher Education	1,224,482	84,070	1,110,841	1,001,121	894,450	870,664	856,849	761,306	658,901	628,565
Human Services	1,095,826	3,179,655	1,088,434	1,055,818	984,291	918,130	936,071	877,162	812,603	753,225
Judicial Branch	609,860	611,554	597,673	561,799	514,874	487,636	481,550	441,700	386,870	354,119
Labor and Employment	20,152	1,003,256	24,341	20,539	21,302	21,579	7,754	660	50	-
Law	15,069	558,991	17,553	16,396	15,722	14,774	14,525	13,457	12,127	10,355
Legislative Branch	59,410	18,334	54,052	51,082	48,202	44,880	43,410	41,132	38,712	35,957
Local Affairs	51,338	13,694	46,290	37,125	29,184	25,235	25,481	22,244	17,540	10,976
Military and Veterans Affairs	11,216	53,583	10,924	10,983	30,814	8,253	7,907	7,792	7,094	6,576
Natural Resources	41,140	114,198	34,282	32,307	30,882	28,711	27,519	26,216	25,141	23,620
Personnel & Administration	20,072	9,917	16,229	13,971	12,088	12,273	11,034	7,601	31,407	6,588
Public Health and Environment	83,264	33,469	60,841	53,492	46,506	48,448	49,964	59,383	53,588	31,199
Public Safety	156,970	30,679	163,721	185,018	124,204	122,404	113,976	126,747	165,240	85,595
Regulatory Agencies	2,869	63,890	2,334	6,224	5,964	5,742	6,073	6,007	1,730	1,674
Revenue	336,448	39,138	327,633	260,583	250,438	90,957	149,361	97,249	73,626	55,078
Transportation	-	-	-	-	-	392	102	-	-	-
Treasury	1,401,545	(10,375)	660,126	774,821	190,457	15,908	12,522	5,684	108,870	27,650
Transfer to Capital Construction Fund	227,003	1,286,711	112,692	90,382	92,084	84,484	271,130	248,502	186,715	61,411
Transfer to Various Cash Funds	1,612,200	361,300	361,300	814,200	674,900	194,735	90,196	67,555	260,272	1,086,051
Transfer to the Highway Users Tax Fund	-	-	-	-	-	79,000	199,200	-	-	-
Other Transfers and Nonoperating Disbursements	249,023	25,125	25,125	278,999	181,151	153,379	143,492	127,795	126,263	262,406
TOTALS	$ 15,497,187	$ 12,402,452	$ 13,082,630	$ 13,193,850	$ 11,766,618	$ 10,259,087	$ 10,175,443	$ 9,326,870	$ 8,927,351	$ 8,963,426
Percent Change	25.0%	-5.2%	-0.8%	12.1%	14.7%	0.8%	9.1%	4.5%	-0.4%	23.6%
(AS PERCENT OF TOTAL)										
Education	27.6%	0.1%	33.7%	31.2%	34.6%	36.7%	34.2%	36.0%	35.3%	33.6%
Health Care Policy and Financing	19.4	32.9	23.1	22.2	23.2	24.1	24.0	24.4	23.5	20.4
Higher Education	7.9	0.7	8.5	7.6	7.6	8.5	8.4	8.2	7.4	7.0
Human Services	7.1	25.6	8.3	8.0	8.4	8.9	9.2	9.4	9.1	8.4
Corrections	5.5	0.0	6.7	6.3	6.6	7.3	7.5	7.7	7.6	7.3
Transfer to Capital Construction Fund	1.5	10.4	0.9	0.7	0.8	0.8	2.7	2.7	2.1	0.7
Transfer to Various Cash Funds	10.4	2.9	2.8	6.2	5.7	1.9	0.9	0.7	2.9	12.1
Transfers to the Highway Users Tax Fund	0.0	0.0	0.0	0.0	0.0	0.8	2.0	0.0	0.0	0.0
Judicial	3.9	4.9	4.6	4.3	4.4	4.8	4.7	4.7	4.3	4.0
Revenue	2.2	0.3	2.5	2.0	2.1	0.9	1.5	1.0	0.8	0.6
All Others	14.5	22.2	8.9	11.5	6.6	5.3	4.9	5.2	7.0	5.9
TOTALS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

[1] Expenditures in this schedule are reported on the modified accrual basis (GAAP basis) rather than the budgetary basis, which defers certain payroll, Medicaid costs and related revenues, and other statutorily defined expenditures to the following fiscal year. Certain expenditures are shown in the department that makes the external payment rather than being shown in the department that receives the original general-funded appropriation.

FUND BALANCE
GOVERNMENTAL FUND TYPES
Last Ten Fiscal Years
(DOLLARS IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GENERAL:										
Nonspendable:										
Inventories	$ 47,144	$ 70,664	$ 14,343	$ 9,944	$ 7,975	$ 8,503	$ 7,522	$ 8,894	$ 8,721	$ 9,931
Prepaids	49,094	50,702	69,432	38,547	38,173	39,348	37,977	40,971	38,535	22,654
Restricted	735,951	609,779	823,528	814,658	626,068	442,249	497,814	398,948	468,758	487,161
Committed	2,584,838	1,287,662	616,483	1,114,406	970,235	646,700	513,986	705,844	411,362	279,352
Assigned	83,302	123,036	35,241	33,264	29,641	17,218	19,283	20,731	7,651	7
Unassigned	701,946	2,403,821	842,567	52,088	334,660	-	-	-	-	-
TOTAL FUND BALANCE	4,202,275	4,545,664	2,401,594	2,062,907	2,006,752	1,154,018	1,076,582	1,175,388	935,027	799,105
FEDERAL SPECIAL REVENUE:										
Nonspendable:										
Prepaids	14,137	-	-	-	-	-	-	-	-	-
Restricted	-	11,373	21,350	-	-	-	-	-	-	-
Unassigned	(136,403)	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCE	(122,266)	11,373	21,350	-	-	-	-	-	-	-
HIGHWAY USERS TAX:										
Nonspendable:										
Long-term Portion of Interfund Loans Receivable	-	-	-	-	-	-	30	-	-	-
Inventories	18,793	17,908	20,946	18,012	8,281	9,334	8,860	8,377	7,673	8,249
Prepaids	295	6,077	5,032	3,717	3,729	679	1,252	1,908	1,481	4,210
Restricted	630,718	679,412	900,962	961,284	882,113	917,778	975,001	942,510	1,080,201	1,145,997
Committed	58,510	49,045	51,413	59,641	58,076	52,929	46,278	35,765	41,017	39,087
TOTAL FUND BALANCE	708,316	752,442	978,353	1,042,654	952,199	980,720	1,031,421	988,560	1,130,372	1,197,543
ALL OTHER GOVERNMENTAL FUNDS:										
Nonspendable:										
Long-term Portion of Interfund Loans Receivable	-	-	-	13	12	-	19,141	-	-	-
Inventories	181,625	179,646	105,795	72,311	35,171	35,445	36,166	36,059	36,008	36,013
Permanent Fund Principal	1,374,975	1,438,292	1,398,247	1,274,846	1,186,138	1,122,480	1,043,619	971,676	868,383	760,160
Prepaids	62,106	46,242	35,781	39,324	38,387	27,007	24,046	23,941	27,884	28,487
Restricted	1,332,860	986,088	558,485	503,018	516,128	418,847	607,618	1,000,463	1,466,516	1,637,012
Committed	5,719,530	4,785,759	3,992,116	3,583,836	2,614,577	2,624,986	2,770,832	2,650,703	2,269,885	1,641,899
TOTAL FUND BALANCE	8,671,096	7,436,027	6,090,424	5,473,348	4,390,413	4,228,765	4,501,422	4,682,842	4,668,676	4,103,571
TOTAL FUND BALANCE	$ 13,459,421	$ 12,745,506	$ 9,491,721	$ 8,578,909	$ 7,349,364	$ 6,363,503	$ 6,609,425	$ 6,846,790	$ 6,734,075	$ 6,100,219

TABOR REVENUES, EXPENDITURES,
FISCAL YEAR SPENDING LIMITATIONS,
AND REFUNDS
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
DISTRICT REVENUES:										
Exempt District Revenues	$ 29,465,154	$ 27,782,645	$ 20,523,556	$ 18,613,345	$ 17,388,665	$ 17,784,588	$ 18,170,415	$ 16,980,420	$ 17,076,305	$ 16,446,833
Nonexempt District Revenues	19,741,291	16,169,779	14,873,754	14,788,420	13,720,881	12,891,657	12,824,408	12,530,772	11,691,905	11,107,341
TOTAL DISTRICT REVENUES	49,206,445	43,952,424	35,397,310	33,401,765	31,109,546	30,676,245	30,994,823	29,511,192	28,768,210	27,554,174
Percent Change In Nonexempt District Revenues	22.1%	8.7%	0.6%	7.8%	6.4%	0.5%	2.3%	7.2%	5.3%	8.1%
DISTRICT EXPENDITURES:										
Exempt District Expenditures	29,465,154	27,782,645	20,523,556	18,613,345	17,388,666	17,784,588	18,170,415	16,980,420	17,076,305	16,446,833
Nonexempt District Expenditures	15,189,294	12,287,617	13,759,681	13,001,752	12,852,870	13,251,437	13,076,457	12,237,753	11,016,588	10,263,972
TOTAL DISTRICT EXPENDITURES	44,654,448	40,070,262	34,283,237	31,615,097	30,241,536	31,036,025	31,246,872	29,218,173	28,092,893	26,710,805
Percent Change In Nonexempt District Expenditures	23.6%	-10.7%	5.8%	1.2%	-3.0%	1.3%	6.9%	11.1%	7.3%	4.8%
TOTAL DISTRICT RESERVE/FUND BALANCE INCREASE (DECREASE)	$ 4,551,997	$ 3,882,162	$ 1,114,073	$ 1,786,668	$ 868,010	$ (359,780)	$ (252,049)	$ 293,019	$ 675,317	$ 843,369
FISCAL YEAR SPENDING LIMIT										
Prior Fiscal Year Spending Limitation	$ 12,628,068	$ 12,249,004	$ 11,759,345	$ 11,220,749	$ 10,761,667	$ 10,427,606	$ 9,976,946	$ 9,566,586	$ 9,247,466	$ 8,799,754
Adjustments To Prior Year Limit[1]	(3,037)	(3,315)	-	-	(24,108)	10,480	(45,595)	(962)	(152)	(27,952)
ADJUSTED PRIOR YEAR FISCAL SPENDING LIMITATION	12,625,031	12,245,689	11,759,345	11,220,749	10,737,559	10,438,086	9,931,351	9,565,624	9,247,314	8,771,802
Allowable Growth Rate (Population Plus Inflation)	2.2%	3.1%	4.1%	4.8%	4.5%	3.1%	4.4%	4.3%	3.3%	5.4%
Current Fiscal Year Spending Limitation	12,902,782	12,625,305	12,241,478	11,759,345	11,220,749	10,761,667	10,368,330	9,976,946	9,552,475	9,245,479
Adjustments To Current Year Limit	27,470	2,763	7,525	-	-	-	59,276	0	14,111	1,987
ADJUSTED CURRENT YEAR FISCAL SPENDING LIMITATION	12,930,252	12,628,068	12,249,003	11,759,345	11,220,749	10,761,667	10,427,606	9,976,946	9,566,586	9,247,466
EXCESS STATE REVENUE CAP (ESRC)[2]	16,012,864	15,644,324	14,956,372	14,360,084	13,702,371	13,327,811	12,946,499	12,361,032	11,852,383	11,460,242
NONEXEMPT DISTRICT REVENUES	19,741,291	16,169,779	14,873,754	14,788,420	13,720,881	12,891,657	12,824,408	12,530,772	11,691,905	11,107,341
Amount Over(Under) Adjusted Fiscal Year Spending Limitation	6,811,039	3,541,711	2,624,751	3,029,075	2,500,132	2,129,990	2,396,802	2,553,826	2,125,319	1,859,875
Amount Over(Under) Excess State Revenue Cap	3,728,427	525,455	(82,618)	428,336	18,510	(436,154)	(122,091)	169,740	(160,478)	(352,901)
Correction Of Prior Years' Refunds	-	-	575	3,207	-	(346)	(13,899)	-	-	-
Voter Approved or Statutory Retention of Excess Revenue				-	-	-	-	-	-	-
FISCAL YEAR REFUND	$ 3,728,427	$ 525,455	$ -	$ 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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
DEBT SERVICE EXPENDITURES:										
Principal	$ 158,908	$ 98,582	$ 61,201	$ 85,722	$ 62,203	$ 177,925	$ 210,390	$ 194,818	$ 184,106	$ 163,939
Interest	159,250	130,554	102,291	94,654	65,566	60,781	69,729	74,689	77,005	82,660
TOTAL DEBT SERVICE EXPENDITURES	$ 318,158	$ 229,136	$ 163,492	$ 180,376	$ 127,769	$ 238,706	$ 280,119	$ 269,507	$ 261,111	$ 246,599
Percent Change Over Previous Year	38.9%	40.2%	-9.4%	41.2%	-46.5%	-14.8%	3.9%	3.2%	5.9%	4.4%
TOTAL NONCAPITAL EXPENDITURES	28,715,830	24,893,602	22,859,536	21,394,396	20,293,035	21,788,949	22,034,812	20,480,883	19,001,514	17,329,054
TOTAL CAPITAL EXPENDITURES	1,682,641	1,399,666	1,361,585	1,036,687	1,079,152	1,222,662	1,078,383	1,194,596	664,762	653,157
TOTAL GOVERNMENTAL EXPENDITURES	30,398,471	26,293,268	24,221,121	22,431,083	21,372,187	23,011,611	23,113,195	21,675,479	19,666,276	17,982,211
DEBT SERVICE EXPENDITURES AS PERCENT OF TOTAL NONCAPITAL EXPENDITURES:										
Principal	0.6%	0.4%	0.3%	0.4%	0.3%	0.8%	1.0%	1.0%	1.0%	0.9%
Interest	0.6%	0.5%	0.4%	0.4%	0.3%	0.3%	0.3%	0.4%	0.4%	0.5%
Total Debt Service Expenditures	1.1%	0.9%	0.7%	0.8%	0.6%	1.1%	1.3%	1.3%	1.4%	1.4%

TOTAL OUTSTANDING DEBT[1,2,3]
PRIMARY GOVERNMENT
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Revenue Backed Debt	$ -	$ -	$ -	$ -	$ -	$ -	$ 127,925	$ 289,789	$ 443,881	$ 574,147
Certificates of Participation	4,651,185	3,989,933	2,903,588	2,152,555	1,426,314	1,302,382	1,205,172	1,227,828	1,267,869	1,192,193
Leases	262,426	117,998	119,822	123,600	131,873	142,153	150,665	172,329	174,996	151,010
Notes and Mortgages	103,228	2,315	4,585	6,805	8,979	11,115	13,205	15,250	17,385	19,220
TOTAL GOVERNMENTAL OUTSTANDING DEBT	5,016,839	4,110,246	3,027,995	2,282,960	1,567,166	1,455,650	1,496,967	1,705,196	1,904,131	1,936,570
Business-Type Activities:										
Revenue Backed Debt	4,903,124	4,938,280	4,637,188	4,452,563	4,602,833	4,391,057	4,320,596	4,242,726	3,967,023	3,724,951
Certificates of Participation	112,878	132,403	393,248	433,021	461,461	346,769	372,661	399,231	403,761	403,603
Leases	159,124	74,224	35,645	37,402	48,152	49,891	57,126	54,281	42,192	41,728
Notes and Mortgages	895,774	116,325	66,371	67,985	60,047	61,396	53,968	28,317	4,810	3,522
TOTAL BUSINESS-TYPE OUTSTANDING DEBT	6,070,900	5,261,232	5,132,452	4,990,971	5,172,493	4,849,113	4,804,351	4,724,555	4,417,786	4,173,804
Total Primary Government:										
Revenue Backed Debt	4,903,124	4,938,280	4,637,188	4,452,563	4,602,833	4,391,057	4,448,521	4,532,515	4,410,904	4,299,098
Certificates of Participation	4,764,063	4,122,336	3,296,836	2,585,576	1,887,775	1,649,151	1,577,833	1,627,059	1,671,630	1,595,796
Leases	421,550	192,222	155,467	161,002	180,025	192,044	207,791	226,610	217,188	192,738
Notes and Mortgages	999,002	118,640	70,956	74,790	69,026	72,511	67,173	43,567	22,195	22,742
TOTAL OUTSTANDING DEBT[1]	$ 11,087,739	$ 9,371,478	$ 8,160,447	$ 7,273,931	$ 6,739,659	$ 6,304,763	$ 6,301,318	$ 6,429,751	$ 6,321,917	$ 6,110,374
Percent Change Over Previous Year	18.3%	14.8%	12.2%	7.9%	6.9%	0.1%	-2.0%	1.7%	3.5%	-0.1%
Colorado Population (In Thousands) Restated for Census	5,736	5,736	5,759	5,772	5,672	5,594	5,524	5,438	5,350	5,271
Per Capita Debt (Dollars Per Person) Restated for Census	$1,933	$1,634	$1,417	$1,260	$1,188	$1,127	$1,141	$1,182	$1,182	$1,159
Per Capita Income (Thousands Per Person)	$61.4	$61.4	$61.3	$59.0	$59.1	$55.8	$52.6	$52.4	$50.7	$47.2
Per Capita Debt as a Percent of Per Capita Income	3.1%	2.7%	2.3%	2.1%	2.0%	2.0%	2.2%	2.3%	2.3%	2.5%

[1] - General Obligation Debt is prohibited by the State Constitution except to fund buildings for state use, to defend the state or the U.S. (in time of war), or to provide for unforseen revenue deficiencies.

[2] - Colorado State Constitution requires multi-years obligations to be approved by voters therefore there is no specific legal debt limitation.

[3] - 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
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)							
2022	$ -	$ -	$ -	$ -	$ -	$ -	0.00
2021	-	-	-	-	-	-	0.00
2020	-	-	-	-	-	-	0.00
2019	-	-	-	-	-	-	0.00
2018	-	-	-	-	-	-	0.00
2017	-	-	-	-	-	-	0.00
2016	1,566,285	1,437,505	128,780	126,100	2,680	128,780	1.00
2015	1,358,950	1,191,461	167,489	157,220	10,269	167,489	1.00
2014	1,240,588	1,073,259	167,329	147,225	20,104	167,329	1.00
2013	1,204,153	1,037,025	167,128	132,105	35,023	167,128	1.00
Enterprise Funds (Excluding Higher Education): State Fair, CollegeInvest, Statewide Bridge Enterprise, and Unemployment Insurance							
2022	$ 123,525	$ -	$ 123,525	$ -	$ 25,271	$ 25,271	4.89
2021	114,451	-	114,451	-	25,271	25,271	4.53
2020	112,362	-	112,362	-	17,699	17,699	6.35
2019	111,674	-	111,674	-	18,234	18,234	6.12
2018	106,022	-	106,022	-	18,234	18,234	5.81
2017	109,927	-	109,927	-	18,234	18,234	6.03
2016	231,775	-	231,775	124,965	20,546	145,511	1.59
2015	363,612	-	363,612	249,925	24,857	274,782	1.32
2014	486,250	-	486,250	374,885	30,620	405,505	1.20
2013	608,493	-	608,493	499,845	40,965	540,810	1.13
Higher Education Institutions							
2022	$2,696,364	$ 682,283	$2,014,082	$111,448	$107,051	$218,499	9.22
2021	2,210,602	586,621	1,623,981	84,250	80,160	164,410	9.88
2020	2,425,323	673,165	1,752,158	186,477	155,530	342,007	5.12
2019	2,419,403	685,793	1,733,610	132,929	159,090	292,019	5.94
2018	2,290,836	643,503	1,647,333	127,378	161,525	288,903	5.70
2017	2,170,616	618,649	1,551,967	117,118	160,835	277,953	5.58
2016	1,984,082	455,553	1,528,529	103,957	157,999	261,956	5.84
2015	1,250,735	579,200	671,535	107,878	152,923	260,801	2.57
2014	1,170,939	557,627	613,312	94,581	138,121	232,702	2.64
2013	1,122,003	537,630	584,373	80,330	131,356	211,686	2.76

COLORADO DEMOGRAPHIC DATA
Last Ten Fiscal Years

Year	Population (000)	Percentage Share of U.S. Population	Total Personal Income (Billions)	Per Capita Personal Income (Dollars)	% of U.S. Per Capita Income	Employ-ment (000)	Unemploy-ment %
2022 est	5,890	1.77%	$ 403.7	$ 68,546	107.5%	3,159	3.2%
Revised 2021	5,828	1.76%	$ 392.7	$ 67,390	107.0%	3,024	5.4%
Revised 2020	5,782	1.75	369.5	63,904	107.27	2,895	7.3
Revised 2019	5,736	1.75	352.2	61,400	109.42	3,062	2.7
Revised 2018	5,672	1.74	335.2	59,097	109.1	2,983	3.0
Revised 2017	5,594	1.72	312.0	55,783	107.6	2,903	2.6
Revised 2016	5,524	1.71	290.7	52,624	105.6	2,797	3.1
Revised 2015	5,438	1.70	284.8	52,372	107.1	2,715	3.8
Revised 2014	5,350	1.68	271.3	50,711	107.7	2,662	5.0
2013	5,271	1.67	249.0	47,236	105.3	2,578	6.9

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	2022 est	Revised 2021	Revised 2020	Revised 2019	Revised 2018	Revised 2017	Revised 2016	Revised 2015	Revised 2014	Revised 2013
Natural Resources and Mining	20.5	19.9	21.8	28.9	28.6	25.8	23.7	30.7	34.1	30.6
Construction	180.2	176.2	174.9	178.8	173.2	163.7	155.3	148.8	142.2	127.5
Manufacturing	149.5	146.9	146.5	150.1	147.5	144.3	142.7	141.0	136.6	132.8
Transportation, Trade, and Utilities	490.7	485.8	468.8	477.4	470.4	461.3	454.0	445.7	432.7	420.2
Information	76.0	75.4	75.0	76.0	75.2	71.9	71.9	70.7	70.3	69.9
Financial Activities	182.8	177.7	172.4	173.9	171.6	168.1	163.9	159.0	153.9	151.0
Professional and Business Services	458.6	450.4	430.5	440.0	423.9	412.8	405.7	398.4	386.6	372.6
Educational and Health Services	353.6	347.7	337.3	347.6	340.7	334.1	325.8	313.3	298.0	285.9
Leisure and Hospitality	336.9	305.2	272.1	344.6	339.7	333.2	323.6	312.8	300.4	289.4
Other Services	113.4	110.1	106.3	113.1	110.9	108.6	107.3	104.2	100.9	97.7
Government	445.9	438.9	441.0	455.3	445.6	436.7	428.1	416.5	407.9	403.2
Total	2,808.1	2,734.2	2,646.6	2,785.7	2,727.3	2,660.5	2,602.0	2,541.1	2,463.6	2,380.8

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
2022 est	$ 14,777	$ 5,000	$ 3,100	22,877
Revised 2021	14,459	4,700	2,800	21,959
Revised 2020	12,243	5,482	2,786	20,511
Revised 2019	10,788	5,113	3,141	19,042
Revised 2018	11,773	8,155	4,523	24,451
Revised 2017	10,362	6,155	2,976	19,493
Revised 2016	10,161	5,988	2,706	18,855
Revised 2015	8,659	4,991	3,036	16,686
Revised 2014	7,566	4,351	2,439	14,356
2013	7,089	3,610	3,680	14,379

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
2022 est	$ 134.00	$ 9.60
Revised 2021	127.00	9.54
Revised 2020	109.00	9.11
Revised 2019	100.00	8.71
Revised 2018	95.00	8.30
Revised 2017	91.00	8.26
Revised 2016	88.00	7.62
Revised 2015	83.00	8.92
Revised 2014	79.00	9.18
Revised 2013	74.00	8.61

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]

	2022	2021	2020	2019	2018
GOVERNMENTAL ACTIVITIES:					
General Government:					
Funds	1,096	1,020	901	883	874
Employees (calculated Average Employment)		78,990	79,974	78,213	76,578
Balance in Treasury Pool (in millions)		$9,358.1	$9,358.1	$9,055.2	$7,763.2
Business, Community, and Consumer Affairs:					
Professional Licenses at Regulatory Agencies		972,910	949,632	865,914	853,163
Unemployment Rate (percent) [4]		5.4	6.7	2.8	3.3
Employment Level [4]		3,024,476	2,880,890	3,101,412	2,994,752
Education:					
Public Schools	1,885	1,875	1,864	1,861	1,889
Primary School Students		886,517	883,199	913,223	911,536
Health and Rehabilitation:					
Average Daily Population of Mental Health Institutes [3]	Not Available	Not Available	709	595	581
Average Daily Population of Regional Centers [3]	Not Available	Not Available	235	246	261
Justice:					
District Court Cases Filed [3]	Not Available	Not Available	233,682	216,437	218,413
County Court Cases Filed [3]	Not Available	Not Available	413,894	Not available	412,714
Inmate Admissions	Not Available	Not Available	Not Available	9,691	9,972
Inmate Releases	Not Available	Not Available	Not Available	9,897	9,947
Average Daily Inmate Population	Not Available	Not Available	Not Available	20,223	20,003
Citations Issued by the State Patrol		113,777	128,806	136,086	138,772
Crashes Covered by the State Patrol		24,947	26,300	29,767	28,964
Natural Resources:					
Active Oil and Gas Wells [3]	Not Available	Not Available	52,500	55,000	54,400
Oil and Gas Drilling Permits [3]	Not Available	Not Available	7,000	6,200	4,460
Annual State Park Visitors [3]	Not Available	Not Available	16,100,000	14,300,000	14,400,000
Water Loans			328	326	318
Social Assistance:					
Medicaid Recipients [3]	Not Available	Not Available	1,292,797	1,350,445	1,420,267
Monthly Cases for Cash Assistance & Subsidy Payments [3]	Not available	Not available	Not available	Not available	Not available
Transportation:					
Lane Miles	Not Available	Not Available	23,111,433	23,054,349	23,026,130
Bridges		3,466	3,467	3,462	3,451
BUSINESS-TYPE ACTIVITIES:					
Higher-Education:					
Resident Students [3]	Not Available	Not Available	143,856	147,705	146,138
Nonresident Students [3]	Not Available	Not Available	38,218	37,952	32,884
Unemployment Insurance:					
Individuals Served - Employment and Training [3]		202,869	493,731	366,130	360,911
Initial Unemployment Claims [3]	Not Available	Not Available	504,839	101,599	107,471
CollegeInvest:[7]					
Loans Issued or Purchased				-	-
Average Balance per Loan				-	-
Lottery:					
Scratch Tickets Sold	82,024,371	94,634,346	89,295,642	85,738,142	83,746,578
Lotto Tickets Sold	27,201,416	19,159,180	16,791,434	28,034,842	28,462,945
Powerball Tickets Sold	31,474,738	26,960,528	20,647,247	35,073,981	36,013,750
Other Lottery Tickets Sold	52,336,943	61,337,174	50,733,691	67,466,124	56,312,662
Wildlife:					
Hunting & Fishing Licenses Sold [3]		1,800,000	1,800,000	1,700,000	1,700,000
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.

2017	2016	2015	2014	2013
848	815	719	638	634
74,252	72,483	72,369	70,823	68,898
$6,852.0	$7,413.7	$7,683.2	$7,047.8	$7,106.9
829,350	813,639	789,643	750,306	729,328
2.7	3.2	3.9	5.0	6.9
2,911,079	2,803,436	2,719,500	2,662,404	2,577,556
1,833	1,853	1,836	1,824	1,823
910,280	905,018	899,112	889,006	876,999
543	545	545	486	489
260	266	272	288	305
225,438	216,970	231,188	289,965	247,696
425,947	430,398	446,255	493,341	505,234
8,851	9,912	9,912	9,620	9,597
9,844	10,269	10,269	10,506	10,506
20,000	20,179	20,678	20,478	20,551
141,949	145,181	140,943	138,661	124,654
30,264	30,542	29,572	28,292	26,600
54,600	52,600	52,300	50,350	47,916
4,620	3,725	4,333	4,300	5,100
14,800,000	12,300,000	11,699,543	11,556,388	12,461,261
328	312	294	289	277
1,385,945	1,289,795	1,003,612	809,452	687,473
Not available	Not available	63,646	65,208	65,208
23,053,073	22,984,731	23,018,184	23,018,184	23,021,500
3,455	3,427	3,439	3,443	3,438
142,180	145,769	150,073	155,748	159,206
32,884	30,869	29,305	28,580	27,536
425,253	469,274	553,258	552,303	636,977
129,887	152,658	157,161	199,007	228,634
-	-	-	-	-
-	-	-	-	-
84,041,528	87,433,955	89,637,387	89,961,317	94,109,256
30,609,106	27,422,320	29,837,628	33,809,181	32,561,865
29,860,519	47,427,269	29,581,783	35,134,907	67,690,312
54,533,766	29,682,863	50,521,072	56,956,625	47,690,502
1,700,000	1,600,000	2,300,000	2,300,000	2,315,000
-	-	-	-	-
-	-	-	-	-

AVERAGE COUNT OF STATE EMPLOYEES BY FUNCTION
AND AVERAGE MONTHLY EMPLOYEE SALARY
Last Ten Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government	3,503	3,486	3,437	3,340	3,320	3,238	3,102	3,005	3,092	2,958
Business, Community, and Consumer Affairs	2,958	2,859	2,696	2,723	2,741	2,756	2,451	2,441	2,482	2,420
Education	48,576	47,046	48,469	47,297	45,884	43,762	42,494	42,767	41,501	40,218
Health and Rehabilitation	4,200	4,376	4,232	4,117	4,147	4,122	4,023	4,007	3,990	3,931
Justice	14,124	14,576	14,601	14,380	14,192	14,076	13,974	13,760	13,416	13,123
Natural Resources	1,657	1,650	1,678	1,626	1,611	1,619	1,623	1,599	1,579	1,586
Social Assistance	1,938	1,871	1,794	1,711	1,672	1,661	1,810	1,766	1,731	1,633
Transportation	3,008	3,126	3,067	3,019	3,011	3,018	3,006	3,024	3,032	3,029
TOTAL AVERAGE EMPLOYMENT	79,964	78,990	79,974	78,213	76,578	74,252	72,483	72,369	70,823	68,898
TOTAL CLASSIFIED	29,375	30,586	30,777	30,999	31,133	31,159	31,102	31,246	31,284	31,504
AVERAGE MONTHLY SALARY	$ 5,234	$ 5,056	$ 5,049	$ 4,826	$ 4,650	$ 4,554	$ 4,539	$ 4,502	$ 4,391	$ 4,283
TOTAL NON-CLASSIFIED	50,589	48,404	49,197	47,214	45,445	43,093	41,381	41,123	39,539	37,394
AVERAGE MONTHLY SALARY	$ 7,818	$ 7,466	$ 7,384	$ 7,181	$ 6,980	$ 6,872	$ 6,691	$ 6,306	$ 6,140	$ 5,953

- 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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
CenterLine Miles[1]										
Urban	1,500	1,500	1,500	1,502	1,510	1,510	1,523	1,523	1,385	1,385
Rural	7,574	7,574	7,575	7,575	7,578	7,578	7,580	7,580	7,718	7,720
TOTAL CENTERLINE MILES	9,074	9,074	9,075	9,077	9,088	9,088	9,103	9,103	9,103	9,105
Percent Change	0.0%	0.0%	0.0%	-0.1%	0.0%	-0.2%	0.0%	0.0%	0.0%	0.0%
Lane Miles[2]										
Urban	5,868	5,860	5,803	5,789	5,808	5,742	5,771	5,771	5,326	5,330
Rural	17,249	17,250	17,251	17,237	17,245	17,242	17,247	17,247	17,688	17,694
TOTAL LANE MILES	23,117	23,110	23,054	23,026	23,053	22,984	23,018	23,018	23,014	23,024
Percent Change	0.0%	0.2%	0.1%	-0.1%	0.3%	-0.1%	0.0%	0.0%	0.0%	0.0%
Roadways[3]										
Percent Rated Good/Fair				80	79	79	79	79	79	47
Percent Rated Poor				20	21	21	21	21	21	53
TOTAL PERCENTAGE	0	0	0	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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Principal Arterial[1]	1,321	1,404	1,408	1,404	1,387	1,390	1,372	1,377	1,114	1,294
Other Principal Arterial	925	926	927	925	932	931	930	930	1,199	793
Minor Arterial	663	673	669	668	670	670	666	667	667	747
Collector	374	375	375	377	383	387	383	390	391	443
Local	105	88	88	88	79	77	76	75	72	161
TOTAL BRIDGES	3,388	3,466	3,467	3,462	3,451	3,455	3,427	3,439	3,443	3,438
Percent Change	-2.3%	0.0%	0.1%	0.3%	-0.1%	0.8%	-0.3%	-0.1%	0.1%	-0.3%
Percent Rated Poor[2]	4.17	5.64	6.27	6.32	4.42	4.90	5.60	5.60	5.70	5.90

[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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GOVERNMENTAL ACTIVITIES:										
General Government	4,258,458	4,184,192	4,221,513	3,732,465	3,975,641	4,110,351	4,091,577	3,630,949	3,898,443	3,449,893
Business, Community, and Consumer Affairs[1]	1,277,537	1,264,162	1,277,114	1,278,223	1,253,288	1,253,288	1,117,563	1,260,223	1,462,694	1,091,423
Education	322,302	322,302	322,484	322,484	322,484	322,484	322,484	322,484	327,394	327,394
Health and Rehabilitation	1,473,888	1,472,328	1,453,385	1,463,209	1,463,209	1,463,129	1,443,140	1,439,483	1,371,986	1,407,882
Justice	8,923,821	8,871,568	8,815,718	8,880,526	8,852,530	8,763,302	8,743,419	8,633,069	8,797,346	8,170,861
Natural Resources	Not yet available	812,177	865,529	915,362	788,919	775,567	754,116	677,422	454,150	457,366
Social Assistance	1,805,610	1,802,173	1,799,516	1,833,377	1,834,497	1,834,815	1,828,335	1,821,873	1,794,333	1,791,521
Transportation	3,707,653	3,699,793	3,681,410	4,445,286	4,057,721	3,450,675	3,652,382	3,589,835	3,373,967	3,362,781
BUSINESS-TYPE ACTIVITIES:										
Higher Education	59,055,745	57,627,649	56,459,587	56,142,470	55,616,419	55,858,696	54,075,080	52,070,593	50,215,173	49,016,072
Parks and Wildlife	2,132,308	1,932,631	1,998,305	1,926,202	2,887,423	2,811,609	2,811,609	2,811,609	2,811,609	2,811,609
TOTAL	82,957,322	81,988,974	80,894,561	80,939,604	81,052,131	80,643,916	78,839,705	76,257,540	74,507,095	71,886,802

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
GOVERNMENTAL ACTIVITIES:										
General Government	124,555	125,391	164,104	162,801	175,427	153,470	153,470	161,533	169,970	200,900
Business, Community, and Consumer Affairs[1]	605,517	612,312	612,459	632,311	635,899	640,803	623,742	597,583	604,185	597,182
Education	54,037	54,037	54,037	56,831	54,765	58,819	53,827	51,749	47,926	47,645
Health and Rehabilitation	491,758	500,208	508,207	478,241	470,748	477,717	473,440	498,721	475,010	473,230
Justice	672,566	670,604	617,670	567,155	473,032	525,493	453,320	343,665	412,286	310,551
Natural Resources	83,276	83,037	80,107	77,831	79,055	78,909	74,016	75,134	91,162	78,937
Social Assistance	103,706	103,706	103,706	103,706	96,465	99,256	99,256	110,867	74,451	61,001
BUSINESS-TYPE ACTIVITIES:										
Higher Education	1,587,596	1,560,761	1,506,511	1,506,925	1,436,583	1,404,972	1,309,490	1,303,315	1,613,516	1,530,285
CollegeInvest	9,126	9,126	9,126	9,126	9,126	9,164	9,597	9,642	11,397	11,397
Lottery	55,598	67,560	67,327	67,327	67,327	67,327	67,327	71,104	71,104	71,104
Parks and Wildlife	19,154	19,415	22,969	23,635	70,058	83,036	76,448	76,448	76,448	76,448
College Assist	9,126	9,126	9,126	9,126	9,126	9,396	10,164	10,246	8,825	8,825
TOTAL		3,815,283	3,755,349	3,695,015	3,577,611	3,608,362	3,404,097	3,310,007	3,656,280	3,467,505

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

Basic Financial Statements

For the fiscal year ended | June 30, 2023

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

September 20, 2023

The Honorable Jared Polis
Governor
State of Colorado

The Honorable Julie McCluskie
Speaker of the House
Colorado General Assembly

The Honorable Stephen Fenberg
President of the Senate
Colorado General Assembly

Dear Sirs and Madam:

The attached Basic Financial Statements for the State of Colorado for the fiscal year ended June 30, 2023 are provided to you in accordance with Section 24-30-204, C.R.S. The Basic Financial Statements are preliminary and unaudited. Please note the following departures from Generally Accepted Accounting Principles (GAAP) contained in these Statements:

- **Discretely Presented Component Unit** Financial Statements and related Note disclosures were omitted from the Basic Financial Statements.

- The **Management's Discussion & Analysis** is supplemental information required by the Governmental Accounting Standards Board, but is not included as part of the Basic Financial Statements.

The following other information is not part of these Basic Financial Statements, but does not constitute a departure from GAAP:

- **Introductory Section** – includes the Letter of Transmission, Certificate of Achievement, and Organization Chart.

- **Supplementary Information** – includes Combining Statements, Non-appropriated Budget and Actual Statements, and the Schedules of TABOR Revenue and Computations.

- **Statistical Section** – includes Financial Trends, Revenue and Debt Capacity, Demographic and Economic Information, and Operating Information.

All items noted above are part of the State's Annual Comprehensive Financial Report which is expected to be published in December 2023. If you have questions, please feel free to contact me.

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
Colorado State Controller

CC: Kerri L. Hunter, State Auditor
Tony Gherardini, Executive Director – Department of Personnel and Administration

Attachment

1525 Sherman St., Denver, CO 80203 P 303.866.6200 www.colorado.gov/osc
Jared S. Polis, Governor | Tony Gherardini, Executive Director

STATE OF COLORADO
BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION:

Basic Financial Statements

Basic Financial Statements 2023

STATEMENT OF NET POSITION
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets:			
Cash and Pooled Cash	$ 11,971,353	$ 3,185,611	$ 15,156,964
Restricted Cash and Pooled Cash	2,634,135	-	2,634,135
Investments	-	3,099,875	3,099,875
Taxes Receivable, net	2,246,561	158,455	2,405,016
Other Receivables, net	956,942	1,236,020	2,192,962
Due From Other Governments	1,743,734	1,126,519	2,870,253
Internal Balances	69,741	(69,741)	-
Due From Component Units	-	14,489	14,489
Inventories	231,322	42,179	273,501
Prepaids, Advances and Deposits	195,390	68,675	264,065
Total Current Assets	20,049,178	8,862,082	28,911,260
Noncurrent Assets:			
Restricted Cash and Pooled Cash	834,704	542,690	1,377,394
Restricted Investments	1,413,529	46,838	1,460,367
Restricted Receivables	403,935	25,302	429,237
Investments	1,206,887	1,642,505	2,849,392
Other Long-Term Assets	950,393	203,337	1,153,730
Depreciable/Amortizable Capital Assets, net	11,030,720	9,783,948	20,814,668
Land and Nondepreciable Capital Assets	3,642,649	2,081,347	5,723,996
Total Noncurrent Assets	19,482,817	14,325,967	33,808,784
TOTAL ASSETS	39,531,995	23,188,049	62,720,044
DEFERRED OUTFLOW OF RESOURCES:	4,441,413	1,115,118	5,556,531
LIABILITIES:			
Current Liabilities:			
Tax Refunds Payable	1,211,037	5,754	1,216,791
Accounts Payable and Accrued Liabilities	1,936,903	1,136,177	3,073,080
TABOR Refund Liability (Note 2B)	3,683,079	-	3,683,079
Due To Other Governments	555,136	1,348,881	1,904,017
Due To Component Units	-	48	48
Unearned Revenue	3,169,944	598,384	3,768,328
Accrued Compensated Absences	18,503	44,240	62,743
Claims and Judgments Payable	42,092	1,310	43,402
Lease & Subscriptions Payable	69,042	54,513	123,555
Notes, Bonds, and COPs Payable	238,123	420,082	658,205
Other Postemployment Benefits	-	20,305	20,305
Other Current Liabilities	107,688	368,252	475,940
Total Current Liabilities	11,031,547	3,997,946	15,029,493
Noncurrent Liabilities:			
Deposits Held In Custody For Others	1,481	25	1,506
Accrued Compensated Absences	222,577	471,327	693,904
Claims and Judgments Payable	116,812	59,071	175,883
Lease & Subscriptions Payable	216,966	181,932	398,898
Derivative Instrument Liability	-	4,836	4,836
Notes, Bonds, and COPs Payable	4,367,514	5,373,031	9,740,545
Due to Component Units	-	1,334	1,334
Net Pension Liability	11,446,317	3,702,857	15,149,174
Other Postemployment Benefits	170,686	1,219,983	1,390,669
Other Long-Term Liabilities	381,942	146,094	528,036
Total Noncurrent Liabilities	16,924,295	11,160,490	28,084,785
TOTAL LIABILITIES	27,955,842	15,158,436	43,114,278
DEFERRED INFLOW OF RESOURCES:	771,211	835,616	1,606,827
NET POSITION:			
Net investment in Capital Assets:	10,055,701	5,646,580	15,702,281
Restricted for:			
Construction and Highway Maintenance	533,101	-	533,101
Education	1,612,022	819,131	2,431,153
Debt Service	155,147	30,175	185,322
Emergencies	337,867	-	337,867
Permanent Funds and Endowments:			
Expendable	11,570	212,122	223,692
Nonexpendable	1,539,296	89,927	1,629,223
Other Purposes	1,069,995	35,129	1,105,124
Unrestricted	(68,344)	1,476,051	1,407,707
TOTAL NET POSITION	$ 15,246,355	$ 8,309,115	$ 23,555,470

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS) Functions/Programs	Expenses: Expenses	Expenses: Indirect Cost Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:					
Governmental Activities:					
General Government	$ 1,925,375	$ (25,505)	$ 242,331	$ 445,733	$ 434
Business, Community, and Consumer Affairs	1,521,402	3,898	264,866	617,294	-
Education	8,469,805	1,956	48,239	1,239,142	-
Health and Rehabilitation	1,965,509	1,614	126,585	1,069,273	55
Justice	2,651,697	5,311	387,524	286,701	4,673
Natural Resources	176,584	756	299,775	106,289	-
Social Assistance	12,852,049	5,115	201,983	7,789,777	-
Transportation	1,443,371	1,840	518,002	153,370	636,820
Interest on Debt	187,327	-	-	-	-
Total Governmental Activities	31,193,119	(5,015)	2,089,305	11,707,579	641,982
Business-Type Activities:					
Higher Education	9,347,047	3,601	6,119,186	3,015,557	124,475
Healthcare Affordability	5,131,266	-	1,204,332	3,911,679	-
Unemployment Insurance	488,008	-	831,156	126,029	-
Lottery	771,963	329	891,078	1,507	-
Parks and Wildlife	286,710	606	256,820	47,161	-
College Assist	178,034	102	2	178,860	-
Other Business-Type Activities	1,286,792	377	560,734	243,637	2,519
Total Business-Type Activities	17,489,820	5,015	9,863,308	7,524,430	126,994
Total Primary Government	48,682,939	-	11,952,613	19,232,009	768,976

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

Change in Net Position

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

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (1,211,372)	$ -	$ (1,211,372)
(643,140)	-	(643,140)
(7,184,380)	-	(7,184,380)
(771,210)	-	(771,210)
(1,978,110)	-	(1,978,110)
228,724	-	228,724
(4,865,404)	-	(4,865,404)
(137,019)	-	(137,019)
(187,327)	-	(187,327)
(16,749,238)	-	(16,749,238)
-	(91,430)	(91,430)
-	(15,255)	(15,255)
-	469,177	469,177
-	120,293	120,293
-	16,665	16,665
-	726	726
-	(480,279)	(480,279)
-	19,897	19,897
(16,749,238)	19,897	(16,729,341)
4,866,608	-	4,866,608
482,359	-	482,359
6,604,467	-	6,604,467
2,265,237	-	2,265,237
1,441,205	13,084	1,454,289
941,902	-	941,902
124,498	-	124,498
652,282	-	652,282
273	-	273
199,341	-	199,341
125,003	-	125,003
(458,078)	458,078	-
350,885	10	350,895
17,595,982	471,172	18,067,154
846,744	491,069	1,337,813
14,383,676	7,815,845	22,199,521
15,935	-	15,935
-	2,201	2,201
14,399,611	7,818,046	22,217,657
$ 15,246,355	$ 8,309,115	$ 23,555,470

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS:					
Cash and Pooled Cash	$ 4,133,058	$ 2,492,699	$ 86,501	$ 5,191,979	$ 11,904,237
Taxes Receivable, net	2,428,977	-	871	78,017	2,507,865
Other Receivables, net	645,176	11,091	1,153	278,106	935,526
Due From Other Governments	1,626,797	30,641	-	86,254	1,743,692
Due From Other Funds	98,889	-	22,135	29,110	150,134
Inventories	45,015	116	19,527	163,554	228,212
Prepaids, Advances and Deposits	48,357	20,985	2,553	92,916	164,811
Restricted Cash and Pooled Cash	1,000,286	-	626,672	1,835,483	3,462,441
Restricted Investments	-	-	-	1,413,529	1,413,529
Restricted Receivables	12,993	-	321,423	69,519	403,935
Investments	16,532	-	-	1,190,355	1,206,887
Other Long-Term Assets	58,181	-	26,544	603,505	688,230
Depreciable/Amortizable Capital Assets, net	11	-	-	168	179
TOTAL ASSETS	$ 10,114,272	$ 2,555,532	$ 1,107,379	$ 11,032,495	$ 24,809,678
DEFERRED OUTFLOW OF RESOURCES:	-	-	-	7,127	7,127
LIABILITIES:					
Tax Refunds Payable	$ 1,197,924	$ -	$ -	$ 13,113	$ 1,211,037
Accounts Payable and Accrued Liabilities	1,356,877	69,564	274,309	197,079	1,897,829
TABOR Refund Liability (Note 2B)	3,683,079	-	-	-	3,683,079
Due To Other Governments	390,012	1,028	41,382	122,710	555,132
Due To Other Funds	27,496	622	8,619	42,176	78,913
Unearned Revenue	105,414	2,495,047	172,325	395,858	3,168,644
Claims and Judgments Payable	242	-	166	90	498
Lease & Subscriptions Payable	198	-	-	-	198
Other Current Liabilities	66,709	193	44	31,766	98,712
Deposits Held In Custody For Others	90	-	1,174	217	1,481
TOTAL LIABILITIES	6,828,041	2,566,454	498,019	803,009	10,695,523
DEFERRED INFLOW OF RESOURCES:	185,307	-	17,968	58,824	262,099
FUND BALANCES:					
Nonspendable:					
Inventories	45,015	116	19,527	163,554	228,212
Permanent Fund Principal	-	-	-	1,516,082	1,516,082
Prepaids	48,230	20,985	2,553	92,914	164,682
Restricted	881,487	-	506,373	1,781,321	3,169,181
Committed	2,603,521	-	62,939	6,623,918	9,290,378
Assigned	81,163	-	-	-	81,163
Unassigned	(558,492)	(32,023)	-	-	(590,515)
TOTAL FUND BALANCES	3,100,924	(10,922)	591,392	10,177,789	13,859,183
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 10,114,272	$ 2,555,532	$ 1,107,379	$ 11,039,622	$ 24,816,805

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, 2023

(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	$ 11,904,237	$ 66,162	$ -	$ -	$ -	$ 954	$ -	$ 11,971,353
Restricted Cash and Pooled Cash	2,634,135	-	-	-	-	-	-	2,634,135
Taxes Receivable, net	2,507,865	-	-	-	-	(261,304)	-	2,246,561
Other Receivables, net	935,526	2,351	-	-	-	17,819	1,246	956,942
Due From Other Governments	1,743,692	42	-	-	-	-	-	1,743,734
Due From Other Funds	150,134	15	-	-	-	-	(150,149)	-
Internal Balances	-	-	-	-	-	-	69,741	69,741
Inventories	228,212	3,110	-	-	-	-	-	231,322
Prepaids, Advances and Deposits	164,811	10,254	-	-	-	20,325	-	195,390
Total Current Assets	20,268,612	81,934	-	-	-	(222,206)	(79,162)	20,049,178
Noncurrent Assets:								
Restricted Cash and Pooled Cash	828,306	6,398	-	-	-	-	-	834,704
Restricted Investments	1,413,529	-	-	-	-	-	-	1,413,529
Restricted Receivables	403,935	-	-	-	-	-	-	403,935
Investments	1,206,887	-	-	-	-	-	-	1,206,887
Other Long-Term Assets	688,230	-	-	-	-	262,163	-	950,393
Depreciable/Amortizable Capital Assets, net	179	132,360	10,898,181	-	-	-	-	11,030,720
Land and Nondepreciable Capital Assets	-	4,506	3,638,143	-	-	-	-	3,642,649
Total Noncurrent Assets	4,541,066	143,264	14,536,324	-	-	262,163	-	19,482,817
TOTAL ASSETS	24,809,678	225,198	14,536,324	-	-	39,957	(79,162)	39,531,995
DEFERRED OUTFLOW OF RESOURCES:	7,127	77,148	-	4,357,138	-	-	-	4,441,413
LIABILITIES:								
Current Liabilities:								
Tax Refunds Payable	1,211,037	-	-	-	-	-	-	1,211,037
Accounts Payable and Accrued Liabilities	1,897,829	33,229	-	5,792	-	-	53	1,936,903
TABOR Refund Liability (Note 2B)	3,683,079	-	-	-	-	-	-	3,683,079
Due To Other Governments	555,132	4	-	-	-	-	-	555,136
Due To Other Funds	78,913	302	-	-	-	-	(79,215)	-
Unearned Revenue	3,168,644	1,350	-	-	-	(50)	-	3,169,944
Compensated Absences Payable	-	1,412	-	-	-	17,091	-	18,503
Claims and Judgments Payable	498	-	-	-	37,594	4,000	-	42,092
Lease & Subscriptions Payable	198	10,200	-	58,644	-	-	-	69,042
Notes, Bonds, and COPs Payable	-	22,861	-	215,262	-	-	-	238,123
Other Current Liabilities	98,712	1,397	-	-	-	7,579	-	107,688
Total Current Liabilities	10,694,042	70,755	-	279,698	37,594	28,620	(79,162)	11,031,547
Noncurrent Liabilities:								
Deposits Held In Custody For Others	1,481	-	-	-	-	-	-	1,481
Accrued Compensated Absences	-	12,756	-	-	-	209,821	-	222,577
Claims and Judgments Payable	-	-	-	-	87,186	29,626	-	116,812
Lease & Subscriptions Payable	-	21,850	-	195,116	-	-	-	216,966
Notes, Bonds, and COPs Payable	-	72,258	-	4,295,256	-	-	-	4,367,514
Net Pension Liability	-	407,491	-	-	-	11,038,826	-	11,446,317
Other Postemployment Benefits	-	9,702	-	-	-	160,984	-	170,686
Other Long-Term Liabilities	-	-	-	-	-	381,942	-	381,942
Total Noncurrent Liabilities	1,481	524,057	-	4,490,372	87,186	11,821,199	-	16,924,295
TOTAL LIABILITIES	10,695,523	594,812	-	4,770,070	124,780	11,849,819	(79,162)	27,955,842
DEFERRED INFLOW OF RESOURCES:	262,099	10,845	-	-	-	498,267	-	771,211
NET POSITION:								
Net investment in Capital Assets:	52	9,697	14,536,324	(4,490,372)	-	-	-	10,055,701
Restricted for:								
Construction and Highway Maintenance	533,101	-	-	-	-	-	-	533,101
Education	1,612,022	-	-	-	-	-	-	1,612,022
Debt Service	155,147	-	-	-	-	-	-	155,147
Emergencies	337,867	-	-	-	-	-	-	337,867
Permanent Funds and Endowments:								
Expendable	11,570	-	-	-	-	-	-	11,570
Nonexpendable	1,539,296	-	-	-	-	-	-	1,539,296
Other Purposes	1,069,995	-	-	-	-	-	-	1,069,995
Unrestricted	8,600,133	(313,008)	-	4,077,440	(124,780)	(12,308,129)	-	(68,344)
TOTAL NET POSITION	$ 13,859,183	$ (303,311)	$ 14,536,324	$ (412,932)	$ (124,780)	$ (12,308,129)	$ -	$ 15,246,355

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, 2023

(DOLLARS IN THOUSANDS)	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES:					
Taxes:					
Individual and Fiduciary Income	$ 6,511,051	$ -	$ -	$ 1,026,309	$ 7,537,360
Corporate Income	2,166,610	-	-	200,091	2,366,701
Sales and Use	4,815,433	-	-	62,613	4,878,046
Excise	104,054	-	652,282	365,281	1,121,617
Other Taxes	516,996	-	273	972,384	1,489,653
Licenses, Permits, and Fines	89,541	-	409,749	478,513	977,803
Charges for Goods and Services	106,011	-	172,435	212,244	490,690
Rents	130	-	4,722	265,779	270,631
Investment Income (Loss)	57,769	114,212	11,409	122,424	305,814
Federal Grants and Contracts	10,301,243	497,900	722,976	487,832	12,009,951
Additions to Permanent Funds	-	-	-	350,885	350,885
Unclaimed Property Receipts	-	-	-	128,772	128,772
Other	357,800	3,436	50,527	64,885	476,648
TOTAL REVENUES	25,026,638	615,548	2,024,373	4,738,012	32,404,571
EXPENDITURES:					
Current:					
General Government	352,503	19,064	70,793	61,759	504,119
Business, Community, and Consumer Affairs	289,782	252,770	-	529,229	1,071,781
Education	1,136,119	5,880	-	438,827	1,580,826
Health and Rehabilitation	1,259,594	111,206	12,572	163,703	1,547,075
Justice	1,941,560	23,355	154,090	205,003	2,324,008
Natural Resources	45,220	94	-	101,443	146,757
Social Assistance	11,186,828	22,192	-	298,806	11,507,826
Transportation	-	-	1,652,913	7,393	1,660,306
Capital Outlay	200,385	6,866	72,875	76,195	356,321
Intergovernmental:					
Cities	114,910	8,290	244,199	140,526	507,925
Counties	1,660,926	35,659	236,571	187,929	2,121,085
School Districts	5,879,919	1,426	-	1,037,106	6,918,451
Special Districts	93,069	2,402	92,319	42,876	230,666
Federal	2,943	-	18,937	1,043	22,923
Other	647,632	14,432	1,988	107,619	771,671
Debt Service	134,551	1,112	6,417	226,699	368,779
TOTAL EXPENDITURES	24,945,941	504,748	2,563,674	3,626,156	31,640,519
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	80,697	110,800	(539,301)	1,111,856	764,052
OTHER FINANCING SOURCES (USES):					
Transfers-In	612,755	1,778	490,842	1,724,136	2,829,511
Transfers-Out	(1,832,336)	(3,911)	(82,966)	(1,357,845)	(3,277,058)
Issuance of Leases	18,591	2,677	14,255	11,789	47,312
Sale of Capital Assets	629	-	-	13,135	13,764
Insurance Recoveries	1,310	-	246	4,689	6,245
TOTAL OTHER FINANCING SOURCES (USES)	(1,199,051)	544	422,377	395,904	(380,226)
NET CHANGE IN FUND BALANCES	(1,118,354)	111,344	(116,924)	1,507,760	383,826
FUND BALANCE, FISCAL YEAR BEGINNING	4,202,275	(122,266)	708,316	8,671,096	13,459,421
Prior Period Adjustment (See Note 15A)	17,002	-	-	(1,067)	15,935
FUND BALANCE, FISCAL YEAR BEGINNING (RESTATED)	4,219,277	(122,266)	708,316	8,670,029	13,475,356
FUND BALANCE, FISCAL YEAR END	$ 3,100,923	$ (10,922)	$ 591,392	$ 10,177,789	$ 13,859,182

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, 2023

(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	$ 7,537,360	$ -	$ -	$ -	$ 12,445	$ 7,549,805
Corporate Income	2,366,701	-	-	-	19,598	2,386,299
Sales and Use	4,878,046	-	-	-	(11,438)	4,866,608
Excise	1,121,617	-	-	-	13,024	1,134,641
Other Taxes	1,489,653	-	-	-	1,344	1,490,997
Licenses, Permits, and Fines	977,803	-	-	-	55,841	1,033,644
Charges for Goods and Services	490,690	-	-	-	45	490,735
Rents	270,631	-	-	-	(52)	270,579
Investment Income (Loss)	305,814	(972)	-	-	(3)	304,839
Federal Grants and Contracts	12,009,951	-	-	-	-	12,009,951
Additions to Permanent Funds	350,885	-	-	-	-	350,885
Unclaimed Property Receipts	128,772	-	-	-	-	128,772
Other	476,648	-	-	-	455	477,103
TOTAL REVENUES	32,404,571	(972)	-	-	91,259	32,494,858
EXPENDITURES:						
Current:						
General Government	504,119	(2,021)	20,669	-	3,453	526,220
Business, Community, and Consumer Affairs	1,071,781	(533)	13,139	-	24,055	1,108,442
Education	1,580,826	(173)	54,114	-	2,924	1,637,691
Health and Rehabilitation	1,547,075	67	165,166	-	10,590	1,722,898
Justice	2,324,008	(2,205)	56,086	-	(31,473)	2,346,416
Natural Resources	146,757	(124)	1,807	-	1,316	149,756
Social Assistance	11,507,826	(88)	27,534	-	22,370	11,557,642
Transportation	1,660,306	(940)	321,984	-	(9,550)	1,971,800
Capital Outlay	356,321	-	(899,654)	-	-	(543,333)
Intergovernmental:						
Cities	507,925	-	-	-	-	507,925
Counties	2,121,085	-	-	-	-	2,121,085
School Districts	6,918,451	-	-	-	571,834	7,490,285
Special Districts	230,666	-	-	-	21,432	252,098
Federal	22,923	-	-	-	-	22,923
Other	771,671	-	-	-	-	771,671
Debt Service	368,779	1,340	-	(163,777)	-	206,342
TOTAL EXPENDITURES	31,640,519	(4,677)	(239,155)	(163,777)	616,951	31,849,861
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	764,052	3,705	239,155	163,777	(525,692)	644,997
OTHER FINANCING SOURCES (USES):						
Transfers-In	2,829,511	2,771	-	-	-	2,832,282
Transfers-Out	(3,277,058)	(7,754)	-	-	-	(3,284,812)
Bond/COP Premium/Discount	-	-	-	29,926	-	29,926
Issuance of Leases	47,312	-	-	(47,781)	-	(469)
Sale of Capital Assets	13,764	-	603,522	-	-	617,286
Insurance Recoveries	6,245	-	-	-	-	6,245
TOTAL OTHER FINANCING SOURCES (USES)	(380,226)	(4,983)	603,522	(17,855)	-	200,458
Internal Service Fund Charges to BTAs	-	1,289	-	-	-	1,289
NET CHANGE FOR THE YEAR	383,826	11	842,677	145,922	(525,692)	846,744
Prior Period Adjustment (See Note 15A)	15,935	-	-	-	-	15,935
TOTAL CHANGE FOR THE CURRENT YEAR	$ 399,761	$ 11	$ 842,677	$ 145,922	$ (525,692)	$ 862,679

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, 2023

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES
	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
ASSETS:							
Current Assets:							
Cash and Pooled Cash	$ 1,673,092	$ 65,804	$ 211,845	$ 234,514	$ 1,000,356	$ 3,185,611	$ 66,162
Investments	3,099,875	-	-	-	-	3,099,875	-
Premiums/Taxes Receivable, net	-	-	64	158,084	307	158,455	-
Student and Other Receivables, net	774,678	176,503	7,748	211,867	78,071	1,248,867	2,351
Due From Other Governments	198,053	264,679	-	437,352	226,435	1,126,519	42
Due From Other Funds	23,067	3,404	-	-	14,897	41,368	15
Due From Component Units	14,354	-	-	-	135	14,489	-
Inventories	31,716	-	-	-	10,463	42,179	3,110
Prepaids, Advances and Deposits	57,512	-	631	-	10,532	68,675	10,254
Total Current Assets	5,872,347	510,390	220,288	1,041,817	1,341,196	8,986,038	81,934
Noncurrent Assets:							
Restricted Cash and Pooled Cash	218,949	-	33,664	286,573	3,504	542,690	6,398
Restricted Investments	46,838	-	-	-	-	46,838	-
Restricted Receivables	-	-	-	-	25,302	25,302	-
Investments	1,642,505	-	-	-	-	1,642,505	-
Other Long-Term Assets	201,955	-	-	-	1,382	203,337	-
Depreciable/Amortizable Capital Assets, net	7,949,990	34,427	1,460,331	31,322	307,878	9,783,948	132,360
Land and Nondepreciable Capital Assets	921,084	592	673,786	-	485,885	2,081,347	4,506
Total Noncurrent Assets	10,981,321	35,019	2,167,781	317,895	823,951	14,325,967	143,264
TOTAL ASSETS	16,853,668	545,409	2,388,069	1,359,712	2,165,147	23,312,005	225,198
DEFERRED OUTFLOW OF RESOURCES:	1,034,108	1,073	2,973	1,990	74,974	1,115,118	77,148
LIABILITIES:							
Current Liabilities:							
Tax Refunds Payable	-	-	-	5,754	-	5,754	-
Accounts Payable and Accrued Liabilities	545,473	197,657	19,414	39,645	333,988	1,136,177	33,229
Due To Other Governments	-	162,955	-	1,165,034	20,892	1,348,881	4
Due To Other Funds	5,357	29,187	-	-	56,087	90,631	302
Due To Component Units	48	-	-	-	-	48	-
Unearned Revenue	436,942	-	5,117	87,274	69,051	598,384	1,350
Compensated Absences Payable	42,177	9	-	-	2,054	44,240	1,412
Claims and Judgments Payable	1,310	-	-	-	-	1,310	-
Lease & Subscriptions Payable	51,203	639	671	-	2,000	54,513	10,200
Notes, Bonds, and COPs Payable	412,060	-	8,005	-	17	420,082	22,861
Other Postemployment Benefits	20,305	-	-	-	-	20,305	-
Other Current Liabilities	89,436	-	375	204,962	73,479	368,252	1,397
Total Current Liabilities	1,604,311	390,447	33,582	1,502,669	557,568	4,088,577	70,755
Noncurrent Liabilities:							
Due to Other Funds	(2,586)	-	21,700	-	14,211	33,325	-
Deposits Held In Custody For Others	-	-	-	-	25	25	-
Accrued Compensated Absences	454,569	248	145	-	16,365	471,327	12,756
Claims and Judgments Payable	59,071	-	-	-	-	59,071	-
Lease & Subscriptions Payable	169,698	2,111	589	-	9,534	181,932	21,850
Derivative Instrument Liability	4,836	-	-	-	-	4,836	-
Notes, Bonds, and COPs Payable	4,144,337	-	1,227,757	-	937	5,373,031	72,258
Due to Component Units	1,334	-	-	-	-	1,334	-
Net Pension Liability	3,281,235	6,269	8,119	6,111	401,123	3,702,857	407,491
Other Postemployment Benefits	1,209,716	148	195	169	9,755	1,219,983	9,702
Other Long-Term Liabilities	34,386	-	111,703	-	5	146,094	-
Total Noncurrent Liabilities	9,356,596	8,776	1,370,208	6,280	451,955	11,193,815	524,057
TOTAL LIABILITIES	10,960,907	399,223	1,403,790	1,508,949	1,009,523	15,282,392	594,812
DEFERRED INFLOW OF RESOURCES:	672,856	3,267	123,356	1,209	34,928	835,616	10,845
NET POSITION:							
Net investment in Capital Assets:	4,226,431	32,268	630,273	31,322	726,286	5,646,580	9,697
Restricted for:							
Education	819,131	-	-	-	-	819,131	-
Debt Service	14,458	-	15,717	-	-	30,175	-
Permanent Funds and Endowments:							
Expendable	212,122	-	-	-	-	212,122	-
Nonexpendable	89,927	-	-	-	-	89,927	-
Other Purposes	-	-	-	-	35,129	35,129	-
Unrestricted	891,944	111,724	217,906	(179,778)	434,255	1,476,051	(313,008)
TOTAL NET POSITION	$ 6,254,013	$ 143,992	$ 863,896	$ (148,456)	$ 1,195,670	$ 8,309,115	$ (303,311)

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, 2023

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS						GOVERNMENTAL ACTIVITIES
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE	UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:							
Unemployment Insurance Premiums	$ -	$ -	$ -	$ 828,946	$ -	$ 828,946	$ -
License and Permits	-	-	21,154	118	211,380	232,652	-
Tuition and Fees	3,385,799	-	-	-	1,416	3,387,215	-
Scholarship Allowance for Tuition and Fees	(762,737)	-	-	-	-	(762,737)	-
Sales of Goods and Services	3,275,180	1,204,332	184,917	-	1,151,383	5,815,812	511,798
Scholarship Allowance for Sales of Goods & Services	(32,879)	-	-	-	-	(32,879)	-
Investment Income (Loss)	2,089	-	-	-	(3,934)	(1,845)	-
Rental Income	16,867	-	-	-	2,098	18,965	16,132
Gifts and Donations	40,130	-	-	-	-	40,130	-
Federal Grants and Contracts	1,593,618	3,905,187	13,317	121,668	450,532	6,084,322	-
Intergovernmental Revenue	10,242	-	-	-	38,716	48,958	104
Other	500,911	-	315	291	28,617	530,134	4,799
TOTAL OPERATING REVENUES	8,029,220	5,109,519	219,703	951,023	1,880,208	16,189,673	532,833
OPERATING EXPENSES:							
Salaries and Fringe Benefits	6,344,563	40,457	14,819	13,569	224,444	6,637,852	279,609
Operating and Travel	2,004,962	5,054,274	8,708	456,844	727,859	8,252,647	202,151
Cost of Goods Sold	147,472	-	-	-	53,529	201,001	-
Depreciation and Amortization	585,284	7,101	29,391	3,522	26,059	651,357	44,582
Intergovernmental Distributions	39,004	29,389	-	-	18,752	87,145	-
Debt Service	-	-	-	-	8,468	8,468	-
Prizes and Awards	358	-	-	-	584,381	584,739	7
TOTAL OPERATING EXPENSES	9,121,643	5,131,221	52,918	473,935	1,643,492	16,423,209	526,349
OPERATING INCOME (LOSS)	(1,092,423)	(21,702)	166,785	477,088	236,716	(233,536)	6,484
NONOPERATING REVENUES AND (EXPENSES):							
Taxes	-	-	-	-	50,175	50,175	-
Fines and Settlements	26	-	2,353	1,802	2,211	6,392	-
Investment Income (Loss)	373,430	6,492	4,763	4,360	7,667	396,712	(972)
Rental Income	49,966	-	-	-	19,097	69,063	-
Gifts and Donations	363,877	-	-	-	2,074	365,951	-
Intergovernmental Distributions	(41,682)	-	-	-	(75,707)	(117,389)	-
Federal Grants and Contracts	300,647	-	5,159	-	-	305,806	-
Gain/(Loss) on Sale or Impairment of Capital Assets	9,435	-	(694,937)	-	51	(685,451)	2,861
Insurance Recoveries from Prior Year Impairments	-	-	-	-	74	74	22
Debt Service	(190,687)	(46)	(56,633)	(13,854)	(907)	(262,127)	(4,041)
Other Expenses	(709)	-	-	(220)	-	(929)	(73)
Other Revenues	17,010	-	-	-	1,917	18,927	-
TOTAL NONOPERATING REVENUES (EXPENSES)	881,313	6,446	(739,295)	(7,912)	6,652	147,204	(2,203)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(211,110)	(15,256)	(572,510)	469,176	243,368	(86,332)	4,281
CONTRIBUTIONS, TRANSFERS, AND OTHER ITEMS:							
Capital Grants and Contributions	124,475	-	-	-	2,519	126,994	713
Additions to Permanent Endowments	631	-	-	-	10	641	-
Transfers-In	564,434	-	-	-	37,805	602,239	2,771
Transfers-Out	(3,476)	(16,059)	(100)	-	(132,838)	(152,473)	(7,754)
TOTAL CONTRIBUTIONS AND TRANSFERS	686,064	(16,059)	(100)	-	(92,504)	577,401	(4,270)
CHANGE IN NET POSITION	474,954	(31,315)	(572,610)	469,176	150,864	491,069	11
NET POSITION - FISCAL YEAR BEGINNING	5,776,858	175,307	1,436,506	(617,632)	1,044,806	7,815,845	(303,322)
Accounting Changes (See Note 15B)	2,201	-	-	-	-	2,201	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	5,779,059	175,307	1,436,506	(617,632)	1,044,806	7,818,046	(303,322)
NET POSITION - FISCAL YEAR ENDING	$ 6,254,013	$ 143,992	$ 863,896	$ (148,456)	$ 1,195,670	$ 8,309,115	$ (303,311)

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, 2023

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS		
(DOLLARS IN THOUSANDS)	HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Tuition, Fees, and Student Loans	$ 2,652,686	$ -	$ -
Fees for Service	3,131,417	1,161,049	204,869
Receipts for Interfund Services	-	1,137	2,716
Sales of Products	9,118	-	-
Gifts, Grants, and Contracts	2,028,304	3,863,237	24,535
Loan and Note Repayments	345,843	-	-
Unemployment Insurance Premiums	-	-	-
Income from Property	66,833	-	-
Other Sources	253,336	-	2,784
Cash Payments to or for:			
Employees	(6,225,735)	(43,928)	(14,651)
Suppliers	(1,781,033)	(5,015,434)	(14,035)
Payments for Interfund Services	-	-	(1,698)
Sales Commissions and Lottery Prizes	-	-	-
Unemployment Benefits	-	-	-
Scholarships	(181,034)	-	-
Others for Student Loans and Loan Losses	(346,235)	-	-
Other Governments	(39,004)	-	-
Other	(170,968)	(7,892)	(449)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(256,472)	(41,831)	204,071
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	482,644	-	-
Transfers-Out	(1,476)	(16,059)	(100)
Receipt of Deposits Held in Custody	489,287	-	-
Release of Deposits Held in Custody	(486,950)	-	-
Gifts and Grants for Other Than Capital Purposes	659,243	-	-
Intergovernmental Distributions	(41,682)	-	-
Unclaimed Property Fund Interest	-	-	-
NonCapital Debt Proceeds	-	-	-
NonCapital Debt Service Payments	(12,643)	-	(23,630)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	1,088,423	(16,059)	(23,730)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(603,095)	(15,297)	(155,977)
Capital Contributions	199,131	-	-
Capital Gifts, Grants, and Contracts	55,421	-	-
Proceeds from Sale of Capital Assets	36,931	7,371	-
Capital Debt Proceeds	123,920	-	-
Capital Debt Service Payments	(304,735)	-	(56,896)
Lease Payments	(81,753)	(46)	(24)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(574,180)	(7,972)	(212,897)

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

			GOVERNMENTAL ACTIVITIES
UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
$ -	$ 1,419	$ 2,654,105	$ -
-	345,168	4,842,503	3,572
-	46,652	50,505	506,681
30	927,347	936,495	1,073
128,899	435,691	6,480,666	50
-	-	345,843	-
831,156	-	831,156	-
-	21,221	88,054	16,132
-	164,686	420,806	530
(15,159)	(235,804)	(6,535,277)	(274,308)
(7,933)	(162,355)	(6,980,790)	(110,594)
(60,534)	(4,004)	(66,236)	(88,381)
-	(655,391)	(655,391)	-
(412,433)	-	(412,433)	-
-	-	(181,034)	-
-	-	(346,235)	-
(222,160)	(18,623)	(279,787)	-
(17,559)	(508,217)	(705,085)	(998)
224,307	357,790	487,865	53,757
-	40,324	522,968	3,015
-	(132,838)	(150,473)	(7,754)
-	1,239	490,526	1,386
-	(1,243)	(488,193)	(135)
-	2,074	661,317	-
-	(79,442)	(121,124)	-
-	1,896	1,896	-
-	2	2	3
-	(2)	(36,275)	(3)
-	(167,990)	880,644	(3,488)
-	(111,746)	(886,115)	(67,574)
-	-	199,131	-
-	-	55,421	-
-	45,292	89,594	32,412
-	-	123,920	9,860
-	(278)	(361,909)	(1,421)
(21)	(7,909)	(89,753)	(2,616)
(21)	(74,641)	(869,711)	(29,339)

(Continued)

STATEMENT OF CASH FLOWS, CONTINUED
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS HIGHER EDUCATION INSTITUTIONS	HEALTHCARE AFFORDABILITY	TRANSPORTATION ENTERPRISE
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	166,920	5,803	7,805
Proceeds from Sale/Maturity of Investments	14,518,310	-	5,640
Purchases of Investments	(14,880,835)	-	(5,583)
Increase(Decrease) from Unrealized Gain(Loss) on Investments	58,453	689	(3,099)
NET CASH FROM INVESTING ACTIVITIES	(137,152)	6,492	4,763
NET INCREASE (DECREASE) IN CASH AND POOLED CASH	120,619	(59,370)	(27,793)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,771,422	125,174	273,302
CASH AND POOLED CASH, FISCAL YEAR END	$ 1,892,041	$ 65,804	$ 245,509
RECONCILIATION OF OPERATING INCOME TO NET CASH			
PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (1,092,423)	$ (21,702)	$ 166,785
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Provided by Operating Activities:			
Depreciation/Amortization	585,284	7,101	29,391
Investment/Rental Income and Other Revenue in Operating Income	-	-	-
Rents, Fines, Donations, and Grants and Contracts in NonOperating	77,117	-	7,512
(Gain)/Loss on Disposal of Capital and Other Assets	(689)	-	-
Compensated Absences Expense	34,497	43	43
Interest and Other Expense in Operating Income	19,479	-	(15,064)
Net Changes in Assets, Deferred Outflows, Liabilities, and Deferred			
Inflows Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(59,146)	(84,347)	7,195
(Increase) Decrease in Inventories	8,371	-	-
(Increase) Decrease in Other Operating Assets and Deferred Outflows	384	-	(256)
(Increase) Decrease in Pension Deferred Outflow	(321,072)	(397)	64
(Increase) Decrease in OPEB Deferred Outflow	50,227	99	16
Increase (Decrease) in Accounts Payable	20,886	27,527	7,102
Increase (Decrease) in Pension Liability	1,002,353	250	1,327
Increase (Decrease) in OPEB Liability	(146,667)	(98)	(65)
Increase (Decrease) in Other Operating Liabilities and Deferred Inflows	111,475	32,491	1,274
Increase (Decrease) in Pension Deferred Inflow	(759,755)	(2,829)	(1,229)
Increase (Decrease) in OPEB Deferred Inflow	213,207	31	(24)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ (256,472)	$ (41,831)	$ 204,071
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS:			
Capital Assets Funded by the Capital Projects Fund	26,843	-	-
Capital Assets Acquired by Grants or Donations and Payable Increases	58,594	-	9,209
Unrealized Gain/Loss on Investments and Interest Receivable Accruals	109,449	-	8,785
Loss on Disposal of Capital and Other Assets	2,488	-	-
Disposal of Capital Assets	7,876	-	-
Amortization of Debt Valuation Accounts and Interest Payable Accruals	(38,679)	-	-
Bad Debt Expense	44,074	-	-
State Support for PERA Pensions	57,936	-	-
Noncapital Gifts	18,083	-	-
Additions to Investments held by Foundation	140	-	-
2019A bond premium	-	-	898
Change in Pension/OPEB Deferred Inflows	(27,789)	-	-
Change in Pension/OPEB Deferred Outflows	(9,768)	-	-
Change in Pension/OPEB Liability	29,121	-	-
Depreciation	19,830	-	-
Other	23,760	-	-

			GOVERNMENTAL ACTIVITIES
UNEMPLOYMENT INSURANCE	OTHER ENTERPRISES	TOTALS	INTERNAL SERVICE FUNDS
4,378	21,955	206,861	395
-	-	14,523,950	-
-	-	(14,886,418)	-
(18)	(14,086)	41,939	(1,369)
4,360	7,869	(113,668)	(974)
228,646	123,028	385,130	19,956
292,441	880,832	3,343,171	52,604
$ 521,087	$ 1,003,860	$ 3,728,301	$ 72,560
$ 477,088	236,716	$ (233,536)	$ 6,484
3,522	26,059	651,357	44,582
-	(190)	(190)	(4,520)
1,582	71,627	157,838	73
-	-	(689)	-
-	1,214	35,797	(1,045)
(13,833)	34,982	25,564	697
(86,632)	(37,212)	(260,142)	(627)
-	(1,194)	7,177	(1,061)
-	(1,362)	(1,234)	(1,078)
(1,421)	(28,151)	(350,977)	(39,893)
(68)	(259)	50,015	(536)
9,694	47,468	112,677	5,174
3,072	113,297	1,120,299	137,011
49	(1,306)	(148,087)	(472)
(165,474)	(8,515)	(28,749)	(814)
(3,208)	(95,282)	(862,303)	(89,934)
(64)	(102)	213,048	(284)
$ 224,307	$ 357,790	$ 487,865	$ 53,757
-	2,519	29,362	470
-	21	67,824	-
-	-	118,234	-
-	1	2,489	(2,737)
-	-	7,876	-
3,173	27	(35,479)	70
-	-	44,074	-
-	-	57,936	-
-	-	18,083	-
-	-	140	-
-	-	898	-
-	-	(27,789)	-
-	-	(9,768)	-
-	-	29,121	-
-	-	19,830	-
-	-	23,760	-

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	TRUST FUNDS		CUSTODIAL FUNDS	
(DOLLARS IN THOUSANDS)	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE-PURPOSE TRUST	EXTERNAL INVESTMENT POOL	CUSTODIAL
ASSETS:				
Cash and Pooled Cash	$ 82,512	$ 387,410	$ 45,812	$ 542,874
Investments:				
Government Securities	3,380	5,421	-	-
Corporate Bonds	8,236	7,395	-	-
Municipal Bonds	1,022	-	-	-
Private Equities	7,430	-	-	-
Asset Backed Securities	797	4,746	-	-
Mortgages	7,997	15,866	-	-
Mutual Funds	115,689	10,287,515	-	-
Guaranteed Investment Contracts	-	159,109	-	-
Other Investments	23,785	502,239	-	-
Taxes Receivable, net	-	-	-	253,694
Other Receivables, net	47,002	14,107	-	2,260
Due From Other Funds	1,872	11,562	-	-
Prepaids, Advances and Deposits	164	-	-	8
Other Long-Term Assets	-	-	-	65,442
TOTAL ASSETS	299,886	11,395,370	45,812	864,278
LIABILITIES:				
Tax Refunds Payable	-	-	-	1,907
Accounts Payable and Accrued Liabilities	27,234	17,267	-	551
Due To Other Governments	-	-	-	576
Due To Other Funds	18	521	-	1,240
Unearned Revenue	-	18,411	-	293
Claims and Judgments Payable	34,752	-	-	-
Other Current Liabilities	38,697	-	-	1,060
Accrued Compensated Absences	72	-	-	-
Other Long-Term Liabilities	-	11,770	-	683
TOTAL LIABILITIES	100,773	47,969	-	6,310
NET POSITION:				
Restricted for:				
OPEB	166,341	-	-	-
Held in Trust for:				
Pension/Benefit Plan Participants	32,772	-	-	-
Individuals, Organizations, and Other Entities	-	11,347,401	45,812	857,968
TOTAL NET POSITION	$ 199,113	$ 11,347,401	$ 45,812	$ 857,968

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, 2023

(DOLLARS IN THOUSANDS)	TRUST FUNDS		CUSTODIAL FUNDS	
	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	PRIVATE-PURPOSE TRUST	EXTERNAL INVESTMENT POOL	CUSTODIAL
ADDITIONS:				
Member Contributions	$ 76,083	$ -	$ -	$ -
Employer Contributions	447,660	-	-	-
Investment Income/(Loss)	8,620	931,861	-	(728)
Gifts and Bequests	-	804	-	2
Unclaimed Property Receipts	-	87,035	-	-
Permanent and Trust Additions	-	1,124,670	-	-
Court Awards and Restitution Receipts	-	-		192,817
Collections of Investment Funds	-	-	21,683	-
Collections of Sales Tax for Other Governments	-	-	-	3,092,329
Other Additions	412,210	3,207	-	74,291
Transfers-In	1,102	2,000	-	-
TOTAL ADDITIONS	945,675	2,149,577	21,683	3,358,711
DEDUCTIONS:				
Distributions to Participants	4,296	1,198,535	-	-
Distributions of Investment Funds	-	-	6,085	-
Health Insurance Premiums Paid	361,552	-	-	-
Health Insurance Claims Paid	147,033	-	-	-
Other Benefits Plan Expense	30,752	-	-	-
Payments of Sales Tax to Other Governments	-	-	-	3,081,166
Distributions - Intergovernmental Entities	-	812	-	-
Administrative Expense	17,193	321	-	7,240
Other Deductions	386,099	45,372	-	228,008
Transfers-Out	261	8	-	69
TOTAL DEDUCTIONS	947,186	1,245,048	6,085	3,316,483
CHANGE IN NET POSITION	(1,511)	904,529	15,598	42,228
NET POSITION - FISCAL YEAR BEGINNING	200,624	10,442,872	30,214	815,740
NET POSITION - FISCAL YEAR ENDING	$ 199,113	$ 11,347,401	$ 45,812	$ 857,968

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 2023:

GASB Statement No. 91 – Conduit Debt Obligations. In 2023, the State implemented GASB Statement No. 91. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. In 2023, the State implemented GASB Statement No. 94. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. In 2023, the State implemented GASB Statement No. 96. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 99 – Omnibus 2022. In 2023, the State implemented GASB Statement No. 99. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

B. FINANCIAL REPORTING ENTITY

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

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

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

Blended Component Units:

Some legally separate component units are so intertwined with the State that they are reported as part of the State's fund and government-wide financial statements and are considered blended component units.

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

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

- 18th Avenue, LLC
- Altitude West, LLC
- Colorado School of Mines Building Corporation
- Mines Applied Technology Transfer, Inc.
- University of Colorado Property Construction, Inc.
- University License Equity Holdings, Inc.

Fiduciary Component Units:

Under GASB Statement No. 84, Fiduciary Activities, component units that are engaged in fiduciary activities are presented in the fiduciary fund financial statements.

The University of Colorado Health and Welfare Trust is a fiduciary component unit of the State and is intended to be a voluntary employees' beneficiary association under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended. It was established to administer and manage certain health and welfare benefits for participating employees and retirees of member employers. Member employers of the Trust are the University of Colorado and University Physicians Inc., d/b/a CU Medicine. The Trust's Board is controlled by the University of Colorado which gives the State the ability to impose its will.

The State Board for Community Colleges and Occupational Education (SBCCOE) Employee Benefit Trust Fund was created as a not-for-profit 501(c)(9) entity in 1983 and is a fiduciary component unit of the State. It was established to provide benefits to SBCCOE employees that may include life, accidental death and dismemberment, short-term and/or long-term disability, basic or major medical, dental, other sick or accident benefits, or other benefits, as determined by the Benefit Trust Committee. The SBCCOE appoints the Trust's Board members, manages the benefit plans, and is administratively intertwined with the Trust, which gives the State the ability to impose its will.

Contact:

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

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

C. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

D. BASIS OF PRESENTATION – FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND TYPE (MAJOR):

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 the Emergency Reserve Fund as well as Special Purpose Funds, which include the State Public School, Risk Management, and Other Special Purpose Funds. Resources obtained from federal grants that support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. As a result of comingled current and cumulative general-purpose and special-purpose revenue in the General Fund, combining schedules detailing the components of the General Fund are included as supplementary information. The schedules segregate activities funded with general-purpose revenue in order to demonstrate compliance with the legal definition of the General Fund, which is referred to as the General Purpose Revenue Fund.

Federal Special Revenue Fund

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

Highway Users Tax Fund

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

PROPRIETARY FUND TYPE (MAJOR):

Higher Education Institutions

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

Healthcare Affordability

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

Transportation Enterprise

This fund consists of the Bridge Enterprise and the High Performance Transportation Enterprise in the Department of Transportation. The bridge and highway construction activity is financed through bond issuances and user fees.

Unemployment Insurance

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

Internal Service Funds

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

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

FIDUCIARY FUND TYPE:

Fiduciary Funds are used to report assets held in a trustee or custodial capacity for others. Therefore, the resources reported in Fiduciary Funds cannot be used to support the government's own programs and are excluded in the government-wide financial statements. The types of Fiduciary Funds maintained by the State consist of the following:

Pension and Other Employee Benefit Trust Funds

Pension and other employee benefit trust funds are used to account for the activities of the retirement system, which accumulates resources for pension benefit payments to qualified public employees. In the basic financial statements, the State reports in a single column the activities related to resources being held in trust for (1) members and beneficiaries of the Group Benefits Plan, which provides health, life, dental, and short-term disability benefits to state employees, and (2) the Colorado State University Other Post-Employment Benefit Trust Funds.

Private Purpose Trust Funds

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

Custodial Funds

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

PRESENTATION OF INTERNAL BALANCES

Intrafund transactions are those transactions that occur completely within a column in the financial statements, while interfund transactions involve more than one column. This definition applies at the level of combining financial statements in the Supplementary Information section of the Annual Comprehensive 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. Therefore, the consumption method of accounting is used for inventories and prepaid items totaling $100,000 or more. State agencies, however, may record inventories under $100,000 at their discretion. Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or fair value. The State uses various valuation methods (FIFO, average cost, etc.) as selected by individual State agencies. The method used in each agency is consistent from year to year. Consumable inventories that are deemed material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase while inventories held for resale are expensed at the time of sale. Payments made to vendors for services representing costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statements.

INVESTMENTS

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

CAPITAL ASSETS

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

The following table lists the range of capitalization thresholds established by the State, as well as lower thresholds adopted by some State agencies. State agencies are allowed to capitalize assets below established thresholds. The University of Colorado adopted a $75,000 threshold for land and leasehold improvements, buildings, intangibles, and infrastructure. All land and library materials/collections are capitalized regardless of cost.

Asset Class	Lower Threshold	Established State Thresholds
Land Improvements	$ 5,000	$ 50,000
Buildings	5,000	50,000
Leasehold Improvements	5,000	50,000
Intangible Assets	5,000	50,000
Vehicles and Equipment	NA	5,000
Software (purchased)	NA	5,000
Software (internally developed)	NA	50,000
Works of Art/Historical Treasure	NA	5,000
Other	5,000	NA
Infrastructure	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 100 years
Buildings	3 to 100 years
Leasehold Improvements	1 to 40 years
Vehicles and Equipment	1 to 50 years
Software	1 to 15 years
Library Books & Collections	3 to 30 years
Other Capital Assets	3 to 30 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.

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 2020 and costs from the Fiscal Year 2022 appropriations bills that were incorporated in State agency budgets for Fiscal Year 2023.

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, 2023, were $235.14 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 $20.3 million General Funds. The overexpenditure was due to overestimating the amount of Home and Community-based Services Improvement Fund (HCBS) ARPA cash fund that would be utilized the fiscal year 2023, which understated the amount of General Fund needed for long-term services and supports. In addition, the Department underestimated the impact of rate increases for Non-Emergent Medical Transportation. The rate increases went into effect on July 1, 2022. The Department adjusted the forecast for the rate increases in the February forecast using six months of data, but utilization continued to grow beyond the expectations through the end of the year.

Behavioral Health Capitation Payments – The Department of Health Care Policy & Financing overspent this line item by $0.5 million cash funds. The Department overexpended cash funds due to under-projecting caseload for the Disabled Buy-in (DBI) population by 3.4 percent, which is funded through the Healthcare Affordability and Sustainability Fee Cash Fund. The Department did not request enough cash funds to pay the state share of the capitations for the DBI population.

Medicaid Programs - The Department of Health Care Policy & Financing overexpended $2.9 million General Funds and $1.2 million cash funds due to overestimating the amount of HCBS ARPA cash fund that would be utilized in fiscal year 2023, which understated the amount of General Fund needed for the Adult Comprehensive Services waiver. The Department overexpended cash fund due to under-forecast the per capita costs for Adult Supported Living Services buy-in members paid for by the Healthcare Affordability and Sustainability Fee cash fund.

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

- None at June 30, 2023.

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

- None at June 30, 2023.

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

- The Judicial Branch overexpended $0.1 million General Fund payments to the Governor's Office of Information Technology (OIT) due to OIT underestimating budget for OIT billings. .

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

Unemployment Insurance Fund – The Department of Labor and Employment had a deficit in this fund of $206.4 million. Due to the recession caused by the COVID-19 pandemic, estimated unemployment insurance benefits payable exceeded available and estimated resources at the end of fiscal year 2023. The Department has options available to address the deficit including, but not limited to, assessing unemployment insurance premium surcharges.

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 2024 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, 2023:

- Colorado Autism Treatment Fund - $0.08 million
- Health Care Expansion Fund - $2.76million
- Adult Dental Fund - $0.9 million

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

B. TAX, SPENDING, AND DEBT LIMITATIONS

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

In the 2005 general election, voters approved Referendum C, a statutory measure referred to the ballot by the Legislature that authorized the State to retain revenues in excess of the limit for the five fiscal years from 2006 through 2010. With the end of the Referendum C five-year excess revenue retention period, the State is subject to an Excess State Revenue Cap (ESRC), which began in Fiscal Year 2011. Calculation of the original TABOR limit continues to apply, but the ESRC replaces the previous TABOR limit for triggering taxpayer refunds. The beginning base for the ESRC was the highest adjusted TABOR revenue during the five-year period, which occurred in Fiscal Year 2008.

In Fiscal Year 2023, revenue subject to TABOR was $20,225.9 million, which was above the $16,657.3 million ESRC by $3,568.6 million, and by $6,780.7 million over the original TABOR limit. Therefore, there is a refund payable from Fiscal Year 2023 revenue of $3,568.6 million. During the year, the State reimbursed $3,741.9 million of excess revenue from Fiscal Years 2015, 2019, 2021 and 2022. The State's liability for TABOR refunds was $3,683.1 million at June 30, 2023, which includes the Fiscal Year 2023 revenue above the ESRC and prior-year revenue adjustments that raised the amount refundable by $58 thousand. Since the inception of Referendum C in Fiscal Year 2006, the State has retained $33,751.7 million (unadjusted for prior year errors) – $3,593.6 million during the initial five-year revenue retention period, and an additional $30,158.1 million as a result of the higher ESRC limit in Fiscal Year 2011 through Fiscal Year 2023.

TABOR requires the State to reserve three percent of fiscal year nonexempt revenues for emergencies. The estimated reserve for Fiscal Year 2023 was based on the revenue projection prepared in the spring of 2022 by the Legislative Council. In HB 22-1329, the funds designated below and the maximum balances from each, constitute the reserve.

At June 30, 2023, the financial net positions, or fund balances of the following funds were restricted:

- Major Medical Insurance Fund, a portion of the nonmajor Labor Fund – $25.0 million .
- State Emergency Reserve Cash Fund – $232.2 million.
- Colorado Water Conservation Board Construction Fund, a portion of the major Resource Extraction Fund – $33.0 million.
- Disaster Emergency Fund – $66.0 million.
- Unclaimed Property Tourism Promotion Trust Fund, a portion of the nonmajor Private Purpose Trust Fund – $5.0 million.
- Marijuana Tax Cash Fund - $100 million.
- Controlled Maintenance Trust Fund - $38.8 million.

Based on actual fiscal year nonexempt revenues in Fiscal Year 2023, the required reserve was $606.8 million. Because the actual reserve requirement was more than the amount set in HB 22-1329, the total amount restricted for the reserve was $106.8 million less than the combined maximums allowable in the designated funds detailed above.

During Fiscal Year 2023, two executive orders called $0.46 million to be transferred from the State Emergency Cash Fund to the Disaster Emergency Fund - $0.12 million in Executive Order D 2023 002 for extreme winter weather and $0.34 million for the Gageby Creek Fire in Bent County.

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 fair 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 $1,998.4 million as of June 30, 2023. Under the GASB Statement No. 40 definitions, $27.7 million of the State's total bank balance of $1,960.7 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 $2,405.0 million shown on the government-wide *Statement of Net Position* in current assets net of long-term taxes receivable of $261.3 million, primarily comprises the following:

- $2,429.0 million in the General Purpose Revenue Fund, mainly self-assessed income and sales tax. This amount includes $261.3 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*.

- $158.1 million of unemployment insurance premiums receivable primarily recorded in the Unemployment Insurance Fund.

- $78.0 million recorded in non-major special revenue funds that includes approximately $26.2 million from insurance premium tax, $19.0 million from gaming tax, and $31.3 million from Other Special Revenue.

The Restricted Receivables of $403.9 million shown for Governmental Activities on the government-wide *Statement of Net Position* in non-current assets related primarily to $13.0 million of other receivables in the General Fund; $18.0 million of taxes receivable, $87.6 million of other receivables, and $215.8 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 $2,193.0 million shown on the government-wide *Statement of Net Position* are net of $341.9 million in allowance for doubtful accounts and primarily comprise the following:

- $616.7 million of receivables recorded in the General Purpose Revenue Fund, of which $89.5 million is from interest receivable on investments. The Department of Health Care Policy and Financing recorded receivables of $521.3 million related primarily to rebates from drug companies and overpayments to healthcare providers, and the Colorado Mental Health Institutes recorded $10.1 million of patient receivables.

- $775.0 million of student and other receivables of Higher Education Institutions.

- $176.5 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.

- $211.9 million of receivables recorded by the Department of Labor and Employment primarily for unemployment insurance overpayments.

INVENTORIES

Inventories of $273.5 million shown on the government-wide *Statement of Net Position* at June 30, 2023, primarily comprise the following:

- $191.5 million of consumable supplies inventories, of which $101.1 million was recorded in the Disaster Emergency Fund; $26.6 million was recorded by the Department of Natural Resources for the Colorado Water Conservation Board Fund; $34.6 million was recorded in the General Fund; $11.5 million was recorded by Higher Education Institutions; and $13.7 million was recorded for Highways.

- $65.1 million of resale inventories, of which $34.3 million was recorded for Resource Extraction; $20.2 million recorded by Higher Education Institutions; and $4.9 million recorded for Highways.

- $9.7 million of warehouse and consignment inventories recorded in the General Fund; and $6.1 million of raw material, work in process, and finished goods inventories recorded by Correctional Industries – a nonmajor enterprise fund.

PREPAIDS, ADVANCES, AND DEPOSITS

Prepaids, Advances, and Deposits of $264.1 million shown on the government-wide *Statement of Net Position* are primarily general prepaid expenses. The significant items include:

- $48.2 million advanced to Colorado counties by the General Purpose Revenue Fund primarily related to emergency management and social assistance programs.

- $57.5 million prepaid by Higher Educational Institutions.

- $27.6 million prepaid from the Marijuana Tax Cash Fund was to designated service organizations by the Department of Human Services primarily for behavioral health.

- $12.8 million advanced by the Office of Economic Development for grants from the Advance Industries program.

- $11.3 million advanced to conservation organizations by the Department of Natural Resources from the Species Conservation Fund, a portion of the Resource Extraction Fund.

- $19.5 million advanced to the State Small Business Credit Initiative, and $5.8 million advanced to Public Housing Agency.

- $6.0 million advanced to the Infrastructure Investment and Jobs Act Fund.

- $9.9 million prepaid by the Governor's Office of Information Technology primarily for multi-year maintenance and licensing agreements.

- $5.3 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 $1,153.7 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 $261.3 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 $688.2 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 ($26.5 million), and the Resource Extraction Fund ($517.2 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 $203.3 million shown as Other Long-term Assets on the *Statement of Net Position – Proprietary Funds* is primarily student loans issued by Higher Education Institutions but also includes livestock.

NOTE 4 – INVESTMENTS

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

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

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

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

The State Treasurer maintains a custodial fund for the Great Outdoors Colorado Program (GOCO), a related organization. At June 30, 2023 and 2022, the treasurer had $89.2 million and $80.4 million at fair value, respectively, of GOCO's funds on deposit and invested.

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

As provided by State statute, the State Treasurer held $16.5 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)	$ 1,999,042
Investments:	
Governmental Activities	21,396,258
Business-Type Activities	4,789,218
Fiduciary Activities	11,150,630
Total	$ 39,335,148
Financial Statement Amounts	
Net Cash and Pooled Cash	$ 16,215,572
Add: Warrants Payable Included in Cash	547,783
Total Cash and Pooled Cash	16,763,355
Add: Restricted Cash	4,011,529
Add: Restricted Investments	1,460,367
Add: Investments	17,099,897
Total	$ 39,335,148

Custodial Credit Risk

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

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

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

	(Amounts in Thousands) Governmental Activities			
	Treasurer's Pool	General Fund	Other Governmental	Total
NOT SUBJECT TO CUSTODIAL CREDIT RISK				
U.S. Treasury Bills	$ 99,398	$ -	$ 15,820	$ 115,218
U.S. Treasury Notes/Bonds	3,904,552	-	199,564	4,104,116
U.S. Agency Securities (Not Explicitly Guaranteed)	827,363	-	16,210	843,573
Commercial Paper	4,554,688	-	-	4,554,688
Corporate Bonds	4,906,807	-	487,358	5,394,165
Municipal Bonds	213,290	-	6,593	219,883
Money Market Mutual Funds	1,125,000	-	-	1,125,000
Bond Mutual Funds	-	-	18,702	18,702
Asset-Backed Securities	490,170	-	71,206	561,376
Mortgage-Backed Securities	2,526,834	16,532	238,088	2,781,454
Sovereigns/Supranationals	127,740	-	-	127,740
Equity Mutual Funds	-	-	443,676	443,676
Other	-	-	1,106,341	1,106,341
SUBTOTAL	18,775,842	16,532	2,603,558	21,395,932
SUBJECT TO CUSTODIAL CREDIT RISK				
Money Market Mutual Funds	-	-	326	326
SUBTOTAL	-	-	326	326
TOTAL	$ 18,775,842	$ 16,532	$ 2,603,884	$ 21,396,258

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, 2023. 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	Total	Fiduciary
NOT SUBJECT TO CUSTODIAL CREDIT RISK			
U.S. Treasury Bills	$ 37,475	$ 37,475	$ 5,421
U.S. Treasury Notes/Bonds	337,210	337,210	3,380
U.S. Agency Securities (Not Explicitly Guaranteed)	80,180	80,180	-
Commercial Paper	37,030	37,030	-
Corporate Bonds	349,136	349,136	15,632
Municipal Bonds	55,839	55,839	1,022
Money Market Mutual Funds	666,711	666,711	39,879
Bond Mutual Funds	60,736	60,736	43,817
Asset-Backed Securities	217,397	217,397	5,543
Investment In Foundation Pool	16,343	16,343	-
Mortgage-Backed Securities	194,153	194,153	23,863
Guaranteed Investment Contracts	-	-	159,109
Corporate Equities	12,167	12,167	-
Private Equities	-	-	7,430
Equity Mutual Funds	1,549,365	1,549,365	32,344
Balanced Mutual Funds	5,295	5,295	-
Other	618,165.00	618,165	23,786
SUBTOTAL	4,237,202	4,237,202	361,226
SUBJECT TO CUSTODIAL CREDIT RISK			
U.S. Treasury Notes/Bonds	122,403	122,403	-
U.S. Agency Securities (Explicitly Guaranteed)	14,869	14,869	-
U.S. Agency Securities (Not Explicitly Guaranteed)	19,551	19,551	-
Corporate Bonds	223,180	223,180	-
Municipal Bonds	20,489	20,489	-
Money Market Mutual Funds	770	770	125,079
Bond Mutual Funds	15,773	15,773	3,439,171
Asset-Backed Securities	34,443	34,443	-
Investment In Foundation Pool	35,007	35,007	-
Mortgage-Backed Securities	30,727	30,727	-
Corporate Equities	1,964	1,964	-
International Equities	469	469	-
Equity Mutual Funds	31,852	31,852	6,722,915
Balanced Mutual Funds	253	253	-
Other	266	266	502,239
SUBTOTAL	552,016	552,016	10,789,404
TOTAL	$ 4,789,218	$ 4,789,218	$ 11,150,630

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	$ 827,363	$ -	$ 329,372	$ 490,170	$ 2,007,386	$ 1,125,000	$ -	$ 127,740	$ -	$ 55,299	$ 4,962,330
Aa/AA/AA	-	4,554,688	418,649	-	519,448	-	-	-	-	157,991	5,650,776
A/A/A	-	-	2,933,906	-	-	-	-	-	-	-	2,933,906
Baa/BBB/BBB	-	-	1,224,880	-	-	-	-	-	-	-	1,224,880
Total T-Pool	827,363	4,554,688	4,906,807	490,170	2,526,834	1,125,000	-	127,740	-	213,290	14,771,892
Higher Education Institutions:											
Long-term Ratings											
Aaa/AAA/AAA	19,551	-	45,922	161,243	26,169	675,298	-	-	-	10,357	938,540
Aa/AA/AA	299	-	27,090	5,192	55,720	-	-	-	-	57,771	146,072
A/A/A	1,521	-	232,645	8,406	611	-	-	-	-	8,200	251,383
Baa/BBB/BBB	51	-	250,622	5,243	166	-	-	-	-	-	256,082
Ba/BB/BB	-	-	8,151	274	-	-	-	-	-	-	8,425
B/B/B	-	-	538	49	-	-	-	-	-	-	587
Caa/CCC/CCC	-	-	-	833	-	-	-	-	-	-	833
Ca/D/DDD	-	-	-	86	-	-	-	-	-	-	86
Short-term Ratings											
P1/MIG1/A-1/F-1	-	1,974	-	-	-	-	-	-	-	-	1,974
Unrated	78,309	35,056	9,692	70,513	142,214	30,173	47,522	-	-	5,032	418,511
Total Higher Ed	99,731	37,030	574,660	251,839	224,880	705,471	47,522	-	-	81,360	2,022,493
Fiduciary Funds:											
Long-term Ratings											
Aaa/AAA/AAA	-	-	262	5,256	15,866	1,538	-	-	-	481	23,403
Aa/AA/AA	-	-	1,143	-	7,997	-	-	-	-	541	9,681
A/A/A	-	-	4,098	-	-	-	-	-	-	-	4,098
Baa/BBB/BBB	-	-	2,733	77	-	-	-	-	-	-	2,810
Unrated	-	-	-	211	-	125,079	3,511,293	-	159,109	-	3,795,692
Total Fiduciary	-	-	8,236	5,544	23,863	126,617	3,511,293	-	159,109	1,022	3,835,684
All Other Funds:											
Long-term Ratings											
Aaa/AAA/AAA	16,210	-	10,538	59,535	224,686	326	-	-	-	1,328	312,624
Aa/AA/AA	-	-	43,595	3,236	12,116	-	-	-	-	5,265	64,213
A/A/A	-	-	174,721	2,039	144	-	-	-	-	-	176,904
Baa/BBB/BBB	-	-	157,576	911	784	-	-	-	-	-	159,271
Ba/BB/BB	-	-	43,371	451	192	-	-	-	-	-	44,014
B/B/B	-	-	41,871	-	-	-	-	-	-	-	41,871
Caa/CCC/CCC	-	-	8,789	-	-	-	-	-	-	-	8,789
Unrated	-	-	6,898	5,033	16,698	-	18,702	-	-	-	47,330
Total Other	16,210	-	487,359	71,205	254,620	326	18,702	-	-	6,593	855,016
Total	$ 943,304	$ 4,591,718	$ 5,977,062	$ 818,758	$ 3,030,197	$ 1,957,414	$ 3,577,517	$ 127,740	$ 159,109	$ 302,265	$ 21,485,085

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)

Investment Type	Treasurer's Pool Fair Value Amount	Treasurer's Pool Weighted Average Maturity	Higher Education Institutions Fair Value Amount	Higher Education Institutions Weighted Average Maturity	Fiduciary Funds Fair Value Amount	Fiduciary Funds Weighted Average Maturity	All Other Funds Fair Value Amount	All Other Funds Weighted Average Maturity
U.S. Treasury Bills/Notes/Bonds	$ 4,003,950	5.472	$ 496,938	4.749	$ 3,380	2.951	$ 199,564	10.334
U.S. Agency Securities	827,363	2.707	114,600	23.006	-	-	16,210	2.543
Bond Mutual Funds	-	-	104,791	259.000	11,535	3.643	-	-
Commercial Paper	4,554,688	0.219	35,056	0.031	-	-	-	-
Corporate Bonds	4,906,807	6.369	572,316	6.930	8,236	2.551	487,358	7.294
Asset-Backed Securities	490,170	3.077	251,840	12.821	5,543	1.518	71,206	5.020
Money Market Funds	-	-	63,928	0.112	1,671	-	-	-
Municipal Bonds	213,290	9.178	76,328	16.280	1,022	0.330	6,593	22.866
Mortgage-Backed Securities	2,526,834	12.081	224,879	29.697	23,863	8.917	238,088	8.324
Other	127,740	2.618	4,230	(0.190)	-	-	-	-
Total Investments	$17,650,842		$ 1,944,906		$ 55,250		$ 1,019,019	

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 linked bond mutual funds (Bond Mutual Fund-4) for $225.6 million with a duration of 4.2 years and a short-term inflation protected securities index fund (Bond Mutual Fund-7) for $90.6 million with a duration of 2.4 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	$ 1,043	7.380
Private Purpose Trust Funds:		
CollegeInvest:		
Bond Mutual Fund-1	$ 1,239,949	6.500
Bond Mutual Fund-2	909,857	6.300
Bond Mutual Fund-3	571,458	7.500
Bond Mutual Fund-5	177,866	5.400
Bond Mutual Fund-6	93,784	3.800
Bond Mutual Fund-8	82,599	6.500
Bond Mutual Fund-9	35,315	7.800
Bond Mutual Fund-10	8,577	4.600
Bond Mutual Fund-11	1,484	6.200
Bond Mutual Fund-12	984	2.700
Bond Mutual Fund-13	779	6.900
Bond Mutual Fund-14	242	3.300
Other	482,591	3.500

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 0 percent to 60 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, 2023. 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 – 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, 2023:

(Amounts in Thousands)

	Fair Value as of June 30, 2023	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	$ 158,113	$ 136,900	$ 21,213	$ -
U.S. Treasury Notes/Bonds	4,567,110	4,436,420	130,690	-
U.S. Agency Securities (Explicitly Guaranteed)	14,869	-	14,869	-
U.S. Agency Securities (Not Explicitly Guaranteed)	943,304	234,643	708,661	-
Commercial Paper	4,591,718	-	4,591,718	-
Corporate Bonds	5,982,114	7,395	5,974,542	177
Municipal Bonds	297,234	49	297,185	-
Money Market Mutual Funds	1,317,746	1,317,746	-	-
Bond Mutual Funds	3,578,200	3,578,200	-	-
Asset-Backed Securities	818,759	-	818,759	-
Mortgage-Backed Securities	3,030,197	563	3,013,102	16,532
Sovereigns/Supranationals	127,740	-	127,740	-
Guaranteed Investment Contracts	159,109	-	-	159,109
Investment in Foundation Pool	16,343	-	-	16,343
Corporate Equities	14,132	14,132	-	-
Private Equities	7,430	-	-	7,430
International Equities	469	469	-	-
Equity Mutual Funds	8,780,153	8,780,153	-	-
Balanced Mutual Funds	5,549	5,549	-	-
Other	2,227,711	12,643	-	2,215,068
Total	$ 36,638,000	$ 18,524,862	$ 15,698,479	$ 2,414,659
Total investments measured at NAV	35,007			
Total other investments not valued at fair value	663,006			
Total	$ 37,336,013			

On June 30, 2023, the Colorado School of Mines held an investment in an equity trust valued at $35.0 million. The value was determined using the University's Net Asset Value (NAV) per share in the equity trust, redemption frequencies for these funds range from monthly to annually and redemption notice period range from two to 90 days.

On June 30, 2023, the University of Colorado held investments in private equities measured at a cost of $23.0 million. It is the State's policy to report money market fund investments at fair value unless the institution managing the investment reports its value at amortized cost. At June 30, 2023, the University of Colorado held $640.0 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 AND RIGHT-TO-USE ASSETS

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

(Amounts in Thousands)	Depreciation Amount
GOVERNMENTAL ACTIVITIES	
General Government	55,727.8
Business, Community and Consumer Affairs	2,595.8
Education	53,154.7
Health and Rehabilitation	13,489.7
Justice	47,369.9
Natural Resources	375.7
Social Assistance	25,759.6
Transportation	322,662.1
Total Depreciation Expense - Governmental Activities	521,135.3
BUSINESS-TYPE ACTIVITIES	
Higher Education	509,702.1
Parks and Wildlife	19,290.8
State Nursing Homes	1,607.8
Unemployment Insurance	3,521.9
Transportation	28,745.8
Social Assistance	6,765.9
Other Enterprise Funds	2,393.9
Total Depreciation Expense - Business-Type Activities	572,028.2
Total Depreciation Expense Primary Government	$ 1,093,163.5

The schedules on the following pages show the capital asset and right-to-use asset activity during Fiscal Year 2023. The capital asset schedule shows that $505.0 million of construction in progress projects were completed and added to capital assets for Governmental activities, and $454.4 million of construction in progress were completed and added to capital assets for Business-Type activities. These amounts are net of additions.

Changes in Capital Assets

(Amounts in Thousands) *Restated	Beginning Balance*	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	140,897	$ -	$ -	$ (538)	$ 140,359
Land Improvements	7,752	-	-	-	7,752
Collections	11,213	-	-	-	11,213
Other Capital Assets	6,805	-	-	-	6,805
Construction in Progress (CIP)	2,117,733	817,721	(563,156)	(32,403)	2,339,895
Infrastructure	1,078,492	-	58,133	-	1,136,625
Total Capital Assets Not Being Depreciated	3,362,892	817,721	(505,023)	(32,941)	3,642,649
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	85,095	3,559	71	(924)	87,801
Buildings	3,825,959	37,278	157,941	(2,579)	4,018,599
Software	631,824	12,481	3,698	(10,163)	637,840
Vehicles and Equipment	1,068,586	63,932	1,522	(27,336)	1,106,704
Library Materials and Collections	5,924	511	-	(23)	6,412
Other Capital Assets	37,000	173	-	(52)	37,121
Infrastructure	13,092,990	35	341,791	597,526	14,032,342
Total Capital Assets Being Depreciated	18,747,378	117,969	505,023	556,449	19,926,819
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(49,743)	(3,321)	-	539	(52,525)
Buildings	(1,447,708)	(105,212)	-	87	(1,552,833)
Software	(471,386)	(48,447)	-	10,225	(509,608)
Vehicles and Equipment	(682,508)	(70,288)	-	22,707	(730,089)
Library Materials and Collections	(4,371)	(398)	-	23	(4,746)
Other Capital Assets	(36,041)	(72)	-	51	(36,062)
Infrastructure	(5,993,405)	(293,397)	-	9,683	(6,277,119)
Total Accumulated Depreciation	(8,685,162)	(521,135)	-	43,315	(9,162,982)
Total Capital Assets Being Depreciated, net	10,062,216	(403,166)	505,023	599,764	10,763,837
TOTAL GOVERNMENTAL ACTIVITIES	13,425,108	414,555	-	566,823	14,406,486
BUSINESS-TYPE ACTIVITIES:					
Capital Assets Not Being Depreciated:					
Land	742,326	6,451	23,585	3,325	775,687
Land Improvements	17,041	-	2,247	-	19,288
Collections	37,577	3,613	-	(58)	41,132
Construction in Progress (CIP)	1,780,368	545,429	(480,269)	(724,271)	1,121,257
Other Capital Assets	24,105	-	-	(33)	24,072
Infrastructure	99,874	-	37	-	99,911
Total Capital Assets Not Being Depreciated	2,701,291	555,493	(454,400)	(721,037)	2,081,347
Capital Assets Being Depreciated:					
Leasehold and Land Improvements	1,049,828	8,312	33,462	(1,726)	1,089,876
Buildings	11,856,701	20,036	287,144	(4,659)	12,159,222
Software	272,420	6,016	6,174	(3,059)	281,551
Vehicles and Equipment	1,449,594	121,263	4,546	(47,000)	1,528,403
Library Materials and Collections	670,346	13,555	-	(17,000)	666,901
Other Capital Assets	4,128	158	3,102	-	7,388
Infrastructure	1,581,325	-	119,972	9,347	1,710,644
Total Capital Assets Being Depreciated	16,884,342	169,340	454,400	(64,097)	17,443,985
Less Accumulated Depreciation:					
Leasehold and Land Improvements	(564,243)	(42,107)	-	1,447	(604,903)
Buildings	(4,837,867)	(362,407)	-	(4)	(5,200,278)
Software	(188,128)	(18,516)	-	1,923	(204,721)
Vehicles and Equipment	(1,098,704)	(95,370)	-	41,967	(1,152,107)
Library Materials and Collections	(539,505)	(23,927)	-	16,975	(546,457)
Other Capital Assets	(2,303)	(200)	-	-	(2,503)
Infrastructure	(183,051)	(29,499)	-	-	(212,550)
Total Accumulated Depreciation	(7,413,801)	(572,026)	-	62,308	(7,923,519)
Total Capital Assets Being Depreciated, net	9,470,541	(402,686)	454,400	(1,789)	9,520,466
TOTAL BUSINESS-TYPE ACTIVITIES	12,171,832	152,807	-	(722,826)	11,601,813
TOTAL CAPITAL ASSETS, NET	$ 25,596,940	$ 567,362	$ -	$ (156,003)	$ 26,008,299

Changes in Right-to-Use Assets

(Amounts in Thousands)	Beginning Balance	Increases	CIP Transfers	Decreases/ Adjustments	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Right to Use Assets:					
Leased Land	-	11,195	-	(10,580)	615
Leased Buildings	288,612	65,823	-	(46,694)	307,741
Information Technology Subscriptions	-	59,952	-	(3,078)	56,874
Construction in Progress	-	4,620	-	(547)	4,073
Leased Vehicles, Equipment, Other	9,307	1,173	-	1,204	11,684
Total Right to Use Assets	297,919	142,763	-	(59,695)	380,987
Less Accumulated Amortization:					
Leased Land	-	(26)	-	-	(26)
Leased Buildings	(44,275)	(47,954)	-	352	(91,877)
Information Technology Subscriptions	-	(16,407)	-	1,582	(14,825)
Leased Vehicles, Equipment, Other	(2,647)	(4,753)	-	24	(7,376)
Total Accumulated Amortization	(46,922)	(69,140)	-	1,958	(114,104)
TOTAL GOVERNMENTAL ACTIVITIES RIGHT TO USE ASSETS, NET	250,997	73,623	-	(57,737)	266,883
BUSINESS-TYPE ACTIVITIES:					
Right to Use Assets:					
Leased Land	4,241	-	-	-	4,241
Leased Buildings	180,708	9,693	-	(3,397)	187,004
Information Technology Subscriptions	-	152,042	2,291	(161)	154,172
Construction in Progress	-	15,539	(2,291)	1,587	14,835
Leased Vehicles, Equipment, Other	17,727	4,987	-	(1,601)	21,113
Total Right to Use Assets	202,676	182,261	-	(3,572)	381,365
Less Accumulated Amortization:					
Leased Land	(61)	(62)	-	-	(123)
Leased Buildings	(31,528)	(23,925)	-	2,782	(52,671)
Information Technology Subscriptions	-	(49,914)	-	(4,612)	(54,526)
Leased Vehicles, Equipment, Other	(6,295)	(5,131)	-	863	(10,563)
Total Accumulated Amortization	(37,884)	(79,032)	-	(967)	(117,883)
TOTAL BUSINESS-TYPE ACTIVITIES RIGHT TO USE ASSETS, NET	164,792	103,229	-	(4,539)	263,482
TOTAL RIGHT TO USE ASSETS, NET	$ 415,789	$ 176,852	$ -	$ (62,276)	$ 530,365

NOTE 6 – DEFINED BENEFIT PENSIONS

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

Senate Bill (SB)18-200 entitled *Modifications To PERA Public Employees' Retirement Association To Eliminate Unfunded Liability* requires a direct distribution from the State Treasury to PERA for $225 million annually to reduce unfunded PERA liabilities. The direct distributions are to occur until no unfunded actuarial accrued liabilities exist for any PERA Division Trust. PERA allocates the direct distribution to four PERA Division Trusts in proportion with payroll-based contributions. In addition to the $225 million (actual dollars) direct distribution due July 1, 2022, House Bill (HB) 22-1029, instructs the State treasurer to issue a warrant to PERA in the amount of $380 million (actual dollars), upon enactment, with reductions to future direct distributions scheduled to occur July 1, 2023, and July 1, 2024. The direct distribution for fiscal year 2023 is shown below.

(In Actual Dollars)

PERA Division Trust	Additional Employer Contributions	Non-employer Contributions	Total Direct Distribution
State	$ 189,217,129	$ 9,030,081	$ 198,247,210
Judicial	3,329,001	246,800	3,575,801
School	-	350,392,714	350,392,714
Denver Public Schools	-	52,784,275	52,784,275
	$ 192,546,130	$ 412,453,870	$ 605,000,000

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the SDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in 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 Section 24-51-401, C.R.S., *et seq.* and Section 24-51-413, C.R.S. Employee and employer contribution rates for the period July 1, 2022 through June 30, 2023 are presented in the following tables:

State Division Trust Fund	July 1, 2022 Through June 30, 2023
Employee contribution (all employees except State Troopers)	11.00%
State Troopers Only	13.00%

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

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

State Division Trust Fund	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	11.40%	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF	10.38%	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
Total employer contribution rate to the SDTF	**20.48%**	**20.55%**

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

State Division Trust Fund	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	14.10%	14.10%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the SDTF	13.08%	13.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	5.00%	5.00%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
Total employer contribution rate to the SDTF	**23.18%**	**23.25%**

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

Eligible employees and the State are required to contribute to the JDTF at rates established under Section 24-51-401 C.R.S., *et seq.* and Section 24-51-413, C.R.S. Employee and employer contribution rates for the period July 1, 2022 through June 30, 2023 are presented in the following tables:

Judicial Division Trust Fund	July 1, 2022 Through June 30, 2023
Employee contribution	11.00%

Judicial Division Trust Fund	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employer contribution rate	14.91%	14.91%
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	13.89%	13.89%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	4.60%	5.00%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	4.60%	5.00%
Total employer contribution rate to the JDTF	**23.09%**	**23.89%**

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

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 $905.8 million and $15.9 million, respectively, for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. § 24-51-414, the State is required to contribute a $225 million (actual dollars) direct distribution 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. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of $380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA's negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires the State to make an additional direct distribution of approximately $14.5 million (actual dollars), for a total of approximately $49.5 million (actual dollars) to be contributed on July 1, 2023.

Net Pension Liability

The net pension liability for the SDTF and for the JDTF were measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total pension liability to December 31, 2022. 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 2022 relative to the total contributions of all participating employers and the nonemployer contributions made by the State to the SDTF and to the JDTF.

The State reports a net pension liability in accordance with the requirements of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions* using the Schedule of Employer and Nonemployer Allocations and Schedule of Collective Pension Amounts published by PERA. Refer to the last four tables in Note RSI-2 for historical information on the State of Colorado's proportionate share of collective pension amounts as a nonemployer contributing entity. Historical information on the collective pension amounts is available in the Required Supplementary Information section of PERA's annual comprehensive financial report (ACFR) available at https://www.copera.org/investments/pera-financial-reports.

At June 30, 2023, the State reported a total liability of $15.05 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	$ 10,377,335	$ 87,710	-	-	$ 10,465,045
Employees of other governments	109,110	1,463	4,109,013	360,733	4,580,319
Total	$ 10,486,445	$ 89,173	$ 4,109,013	$ 360,733	$ 15,045,364

Proportionate Share

The State's proportionate share at December 31, 2021 and December 31, 2022 as well as how the proportionate share increased or decreased is presented in the following table:

As a Participating Employer			
	Proportionate Share		
PERA Division	12/31/2021	12/31/2022	Increase (Decrease)
State	95.53%	95.45%	-0.08%
Judicial	92.75%	93.10%	0.35%

As a Governmental Nonemployer Contributing Entity			
	Proportionate Share		
PERA Division	12/31/2021	12/31/2022	Increase (Decrease)
State	0.47%	1.00%	0.54%
Judicial	0.88%	1.55%	0.67%
School	10.28%	22.57%	12.28%
DPS	22.70%	41.57%	18.88%

Pension Expense & Aid to Other Governments

For the year ended June 30, 2023, 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	$ 887,504	$ (12,788)	-	-	$ 874,716
Aid to other governments*	30,514	195	873,970	101,041	1,005,720
Total	$ 918,018	$ (12,593)	$ 873,970	$ 101,041	$ 1,880,436

* Amortization of employer-level deferrals only.

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, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

State Division Trust Fund

	Deferred Outflows of Resources Related to		Deferred Inflows of Resources Related to	
(Amounts in thousands)	State's Own Employees	Employees of Other Governments	State's Own Employees	Employees of Other Governments
Difference between expected and actual experience	$ -	$ -	$ 139,133	$ 1,463
Changes of assumptions or other inputs	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	1,319,307	13,872	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	178,792	43,949	177,860	24
Contributions subsequent to the measurement date	364,240	-	-	-
Total	$ 1,862,339	$ 57,821	$ 316,993	$ 1,487

Deferred outflows of resources of $364.2 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

State Division Trust Fund

Year ended June 30:	(Amounts in thousands)
2024	(206,415)
2025	162,507
2026	491,743
2027	787,947

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	$ 10,390	$ 173	$ -	$ -
Changes of assumptions or other inputs	302	5	-	-
Net difference between projected and actual earnings on pension plan investments	32,213	537	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	275	1,092	1,831	423
Contributions subsequent to the measurement date	6,314	-	-	-
Total	$ 49,494	$ 1,807	$ 1,831	$ 423

Deferred outflows of resources of $6.3 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Judicial Division Trust Fund

Year ended June 30:	(Amounts in thousands)
2024	1,626
2025	8,128
2026	13,498
2027	19,482

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	$ 38,887	$ 12,757	$ -	$ -
Changes of assumptions or other inputs	72,784	12,608	-	-
Net difference between projected and actual earnings on pension plan investments	551,992	136,640	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,029,497	144,141	399,790	59,198
Total	$ 2,693,160	$ 306,146	$ 399,790	$ 59,198

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:

School and DPS Division Trust Funds

Year ended June 30:	(Amounts in thousands)
2024	786,012
2025	893,539
2026	460,517
2027	400,250

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	State Division Trust Fund	Judicial Division Trust Fund	School Division Trust Fund	DPS Division Trust Fund
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30 percent	2.30 percent	2.30 percent	2.30 percent
Real wage growth	0.70 percent	0.70 percent	0.70 percent	0.70 percent
Wage inflation	3.00 precent	3.00 precent	3.00 precent	3.00 precent
Salary increases, including wage inflation	3.30 - 10.90 percent	2.80 - 5.30 percent	3.40 - 11.00 percent	3.80 - 11.50 percent
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Discount rate	7.25 percent	7.25 percent	7.25 percent	7.25 percent
Post-retirement benefit increases:				
PERA benefit structure hired prior to 1/1/07	1.00 percent	1.00 percent	1.00 percent	1.00 percent
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve	Financed by the Annual Increase Reserve

Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The total pension liability as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. The mortality tables described below are generational mortality tables developed on a benefit-weighted basis. Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97% of the rates for all ages, with generational projection using scale MP-2019.

- Females: 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200, required adjustments resulting from the 2018 AAP assessment, and the additional 0.50% resulting from the 2020 AAP assessments. 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 required adjustments resulting from the 2018 and 2020 AAP assessments. 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 reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

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

- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled $225 million (actual dollars) direct distribution, a warrant to PERA in the amount of $380 million (actual dollars). The July 1, 2023, direct distribution is reduced by $190 million (actual dollars) to $35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from $225 million (actual dollars) due to PERA's negative investment return in 2022.

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

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

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

Based on the above assumptions and methods, the projection test indicates the fiduciary net position of the SDTF, JDTF, and the School Division were projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

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

Discount rate sensitivity

(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	$ 13,405,700	$ 10,486,445	$ 8,030,799
Judicial Division Trust Fund	137,762	89,173	47,560
School Division Trust Fund	5,377,285	4,109,013	3,049,877
DPS Division Trust Fund	610,511	360,733	154,839

Pension plan fiduciary net position. Detailed information about the SDTF's fiduciary net position is available in PERA's annual comprehensive financial report (ACFR) which can be at www.copera.org/investments/pera-financial-reports.

Payables to the PERA Defined Benefit Pension Plan
A short-term payable of approximately $5.49 million existed at June 30, 2023 for employer and employee contributions due to PERA. C.R.S. 24-51-401 requires employer, employee, and retiree contributions be remitted to PERA within five days after the date the members and retirees are paid. PERA Rule 4.10-A specifies that employers are responsible for payment of interest computed on a daily rate for contributions not remitted timely.

Alternate Medicare Payment

Plan description. The University of Colorado offers an Alternate Medicare Payment (AMP) to retirees of the University of Colorado Optional Retirement Plan (ORP) participating in Medicare as an alternative to healthcare coverage provided under the University OPEB Plan (University OPEB). The AMP is a single- employer, defined benefit, pension plan established by the University who also administers and has the authority to amend benefits (e.g., ad hoc postemployment benefit changes). No assets are accumulated in a trust as the University funds the AMP on a pay-as-you-go basis. No stand-alone financial report is issued, and the AMP is not included in the report of a public employee retirement system.

Benefits. A participant must be in a benefits-eligible position at 50 percent or greater appointment immediately preceding retirement and have met the required number of service years. Only ORP retirees participating in Medicare are eligible to receive AMP benefits. The AMP is available to the employee and eligible spouse/same gender domestic partner. AMP benefits are not provided for dependent children. The AMP is non-contributory for the retiree and provides a monthly, non-salary dependent, cash payment to offset healthcare-related costs. As the monthly cash payments are not restricted as to use, they are considered a pension benefit rather than OPEB. Since the AMP's inception, monthly cash payments have been $154 for a retiree, $262 for a retiree plus spouse/same gender domestic partner, and $108 for a surviving spouse.

Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2022. Table below is a summary of the employees covered by the benefit terms used in the valuation.

Employees Covered by AMP's Benefit Terms

Active employees	15,114
Retirees and beneficiaries currently receiving benefit payments	887
Retirees and beneficiaries entitled to but not yet receiving benefit payments	266
Total	**16,267**

Total Pension Liability. The AMP's total pension liability at June 30, 2023 of $102.8 million was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date. The University contributed $2.4 million for the year ended June 30, 2023.

Actuarial Assumptions and Other inputs. The AMP's total pension liability in the June 30, 2022 actuarial valuation was determined using the actuarial assumptions and other inputs in Table below.

AMP's Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry age
Inflation rate	2.50%
Discount rate	2.15%
Benefit cost trend rate	2.50%

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

Mortality rates were based upon the PUB-2010 Amounts-Weighted Teachers Classification Table for Employees with generational projection using Scale MP-2021. With the exception of the mortality assumption, the demographic assumptions (retirement rates, termination rates, and salary scale) are based upon the December 31, 2019 Colorado PERA assumption study.

Changes in the Total Pension Liability. Table below details the changes in the AMP's total pension liability during Fiscal Year 2023.

Reconciliation of AMP's Total Pension Liability (*in thousands*)

Fiscal Year Ending June 30, 2023	
Total pension liability, beginning of year	$124,662
Changes recognized for the fiscal year:	
Service cost	7,551
Interest on total AMP liability	2,821
Differences between expected and actual experience	(420)
Changes of assumption	(28,775)
Estimated benefit payments	(2,029)
Net changes	(20,852)
Total pension liability, end of year	$103,810

Sensitivity of the total pension liability to changes in the discount rate. The following table presents the total pension liability of the AMP, as well as what the AMP's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

Sensitivity of AMP's Total Pension Liability to Changes in the Discount Rate ***(in thousands)***

	1% Decrease	Discount Rate	1% Increase
Fiscal year ended	1.15%	2.15%	3.15%
June 30, 2023	123,506	103,810	88,258

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension. The University recognized $10.64 million of pension expense for the AMP in Fiscal Year 2023. The following table presents the AMP's deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of June 30, 2023.

AMP Deferred Outflows and Inflows of Resources ***(in thousands)***

	Deferred Outflows	Deferred Inflows
Changes in Assumptions	23,625	26,441
Differences between expected and actual experience	-	7,976
Benefit payments subsequent to the measurement date	2,396	-
Total	26,021	34,417

The $2.4 million reported as deferred outflows of resources as of June 30, 2023, resulting from benefit payments subsequent to the measurement date, will be recognized as a reduction to the AMP's total pension liability in the year ended June 30, 2024.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as summarized in table below.

Future Amortization of AMP's Deferred Outflows of Resources and Inflows of Resources ***(in thousands)***		
Years ending June 30:		
2024	$	263
2025		(377)
2026		(637)
2027		(655)
2028		(912)
2029-2031		(8,474)
Total	$	(10,792)

The following table lists the amortization bases included in the AMP's deferred outflows and inflows of resources as of June 30, 2023.

Amortization of AMP Deferred Outflows of Resources and Deferred Inflows of Resources ***(in thousands)***

		Period		Balance		Annual
Date Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
July 1, 2016	Differences between expected and actual experience	8.5	1.5	$ (101)	(17)	(12)
July 1, 2016	Changes in assumptions	8.5	1.5	10,999	1,941	1,294
July 1, 2017	Differences between expected and actual experience	8.5	2.5	(3,377)	(995)	(397)
July 1, 2017	Changes in assumptions	8.5	2.5	(3,180)	(936)	(374)
July 1, 2018	Differences between expected and actual experience	8.3	3.3	(109)	(44)	(13)
July 1, 2018	Changes in assumptions	8.3	3.3	4,940	1,965	595
July 1, 2019	Differences between expected and actual experience	8.3	4.3	(3,865)	(2,001)	(466)
July 1, 2019	Changes in assumptions	8.3	4.3	4,845	2,509	584
July 1, 2020	Differences between expected and actual experience	8.5	5.5	(124)	(79)	(15)
July 1, 2020	Changes in assumptions	8.5	5.5	23,408	15,146	2,754
July 1, 2021	Differences between expected and actual experience	8.5	6.5	(5,842)	(4,468)	(687)
July 1, 2021	Changes in assumptions	8.5	6.5	2,700	2,064	318
July 1, 2022	Differences between expected and actual experience	8.8	7.8	(420)	(372)	(48)
July 1, 2022	Changes in assumptions	8.8	7.8	(28,775)	(25,505)	(3,270)
				Total	**$ (10,792)**	**$ 263**

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 Health Plan Trust
    - Retiree Medical Premium Refund Plan for DCP Participants
    - Retiree Medical Premium Subsidy for PERA Participants
    - Retiree Umbrella Rx Plan for PERA Participants

Disclosures provided in this note are applicable to the PERA Health Care Trust Fund (HCTF) OPEB, the University of Colorado OPEB, and the Colorado State University OPEB Health Plan Trust.

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 an annual comprehensive financial report (ACFR) 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 $34.4 million for the year ended June 30, 2023.

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

At June 30, 2023, the State reported a liability of $257.6 million for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The State's proportion of the net OPEB liability is based on contributions to the HCTF from the State for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

At December 31, 2023, the State's proportion was 31.56 percent, which was a decrease of 0.55 percent from its proportion measured as of December 31, 2022.

For the fiscal year ended June 30, 2023, the State recognized OPEB expense of $6.6 million. At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 34	$ 62,291
Changes of assumptions or other inputs	4,604	28,401
Net difference between projected and actual earnings on pension plan investments	15,702	32
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,244	31,335
Contributions subsequent to the measurement date	16,887	-
Total	$ 54,471	$ 122,059

$16.9 million reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	(Amounts in thousands)
2024	$ (29,821)
2025	$ (27,691)
2026	$ (13,525)
2027	$ (4,430)
2028	$ (7,824)
Thereafter	$ (1,709)

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40%	N/A

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 total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. § 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$1,704	$1,450	$583	$496	$1,923	$1,634
70	$1,976	$1,561	$676	$534	$2,229	$1,761
75	$2,128	$1,681	$728	$575	$2,401	$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	$6,514	$5,542	$4,227	$3,596	$6,752	$5,739
70	$7,553	$5,966	$4,901	$3,872	$7,826	$6,185
75	$8,134	$6,425	$5,278	$4,169	$8,433	$6,657

The 2022 Medicare Part A premium is $499 per month.

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, 2021, 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
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.

- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.

- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	**100.00%**	

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

Sensitivity to Changes in Health Care Cost Trend Rates

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

Sensitivity - Health Care Cost Trend Rates

(Amounts in thousands)	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A	3.00%	4.00%	5.00%
Ultimate Medicare Part A	3.50%	4.50%	5.50%
Net OPEB Liability	$250,349	$257,641	$265,576

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, 2022, 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 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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:

Sensitivity - Discount rate

(Amount in thousands)	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	$ 298,683	$ 257,641	$ 222,538

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

Payables to the PERA Health Care Trust OPEB Plan

A short-term payable of approximately $258 thousand existed at June 30, 2023 for employer and employee contributions due to PERA. Section 24-51-401(1.7)(a)(I), C.R.S. requires employer, employee, and retiree contributions be remitted to PERA within five days after the date the members and retirees are paid. PERA Rule 4.10-A specifies that employers are responsible for payment of interest computed on a daily rate for contributions not remitted timely.

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

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

Benefits. The University subsidizes a portion of healthcare and life insurance premiums for retirees on a pay-as-you-go basis. All employees in a benefit-eligible position at 50 percent or greater appointment immediately preceding retirement are eligible to participate based on age and years of service. Spouses/partners, surviving spouses/partners, and dependents are eligible for benefits. The University specifies the maximum amount that it will contribute towards retiree healthcare benefits at the beginning of each coverage period. The retiree is required to make up the difference between the total cost and the amount contributed by the University. Benefits are not dependent on salary. For non-Medicare retirees, the subsidy for medical plans ranges from $610 per month to $1,736 per month depending on the number of individuals covered. For Medicare retirees, the subsidy ranges from $406 per month to $1,030 per month depending on the number of individuals covered. For dental plans, the subsidy ranges from $0 per month to $58 per month. The amount of life insurance offered is the lesser of 25 percent of the employee's pre-retirement benefit or $3,000. It is assumed for purposes of this report that everyone is eligible for the maximum life insurance benefit of $3,000.

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

The percentage of the University contribution the retiree receives is based on the retiree's years of service at retirement divided by the required number of years of service. Enrollment in University OPEB is voluntary. University and participant payments for healthcare benefits are paid to the University of Colorado Health and Welfare Trust which is responsible for administration of healthcare benefits. The University contributed $19.2 million for the fiscal year ended June 30, 2023

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Employees Covered by Benefit Terms. The actuarial valuation was based on census data as of March 1, 2022. The following table presents a summary of the employees covered by the benefit terms used in the valuation.

Employees Covered by University OPEB's Benefit Terms

	Healthcare		Life Insurance	
	ORP	PERA	ORP	PERA
Active employees	15,114	5,831	16,593	5,030
Retirees and beneficiaries	1,648	536	2,337	3,305
Total	16,762	6,367	18,930	8,335

Total OPEB Liability. The University OPEB's total OPEB liability at June 30, 2023 of $1.12 billion was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the actuarial assumptions and other inputs in the following table, applied to all periods included in the measurement, unless otherwise specified.

University OPEB's Actuarial Assumptions and Other Inputs

Actuarial cost method	Entry age
Discount rate	2.15% at 6/30/2021 measurement date
Inflation	2.50%

Healthcare Cost Trend Rates:

	Non-Medicare			Medicare		
Year	Medical	Rx	Contributions	Medical	Rx	Contributions
2021-2022	6.7%	9.5%	7.3%	5.7%	9.5%	8.3%
2022-2023	6.6%	9.0%	7.1%	5.6%	9.0%	7.9%
2023-2024	6.4%	8.5%	6.9%	5.4%	8.5%	7.5%
2024-2025	6.1%	7.9%	6.6%	5.3%	7.9%	7.1%
2025-2026	5.9%	7.4%	6.2%	5.1%	7.4%	6.7%
2026-2027	5.6%	6.8%	5.9%	5.0%	6.8%	6.3%
2027-2028	5.3%	6.2%	5.5%	4.9%	6.2%	5.8%
2028-2029	5.0%	5.6%	5.2%	4.8%	5.6%	5.4%
2029-2030	4.8%	5.1%	4.8%	4.6%	5.1%	4.9%
2030-2031+	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%

Dental trend rate 4.50% in all years.
Administrative expense trend rate is 3.00% in all years.

Retirees' Share of Benefit Related Costs:

Plan	Retiree Only	Retiree and Spouse or Partner
Kaiser Medical	$ 116.00	$ 315.50
Exclusive Medical	$ 54.00	$ 193.50
High Deductible Medical	$ -	$ 20.00
Medicare Primary Medical	$ 41.31	$ 207.00
Essential Dental	$ -	$ 17.00
Choice Dental	$ 17.00	$ 51.50
Premier Dental	$ 46.50	$ 82.50

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

Mortality rates were based upon the PubT.H-2010 – Healthy Retiree Table for Males or Females, as appropriate, with generational projection using Scale MP-2020.

With the exception of the mortality assumption, the demographic assumptions (retirement rates, termination rates, and salary scale) are based upon the December 31, 2019 Colorado PERA assumption study,

Changes in the Total OPEB Liability. The following table details the changes in the University's total OPEB plan liability during fiscal year 2023.

Reconciliation of University OPEB's Total OPEB Liability *(in thousands)*		
		Total OPEB Liability
Balance recognized at June 30, 2022	$	1,287,203
Changes recognized for the fiscal year:		
Services cost		111,208
Interest on total OPEB liability		29,892
Differences between expected and actual experience		(4,126)
Changes of assumption		(288,497)
Benefit payments		(16,226)
Net changes		(167,749)
Balance recognized at June 30, 2023	$	1,119,454

Changes of assumptions and other inputs reflect:

- Discount rate changed from 2.15 percent to 3.54 percent.

Sensitivity of the total OPEB liability to changes in the discount rate. The following table presents the total OPEB liability of the University OPEB, as well as what University OPEB's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate for the fiscal year ended June 30, 2023.

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

	1% Decrease	Discount Rate	1% Increase
Fiscal year ended	2.54%	3.54%	4.54%
June 30, 2023	1,317,165	1,119,454	962,043

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following table presents the total OPEB liability of the University OPEB, as well as what the University OPEB's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates for the fiscal year ended June 30, 2023.

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

Fiscal year ended	1% Decrease	Trend Rate	1% Increase
June 30, 2023	929,999	1,119,454	1,367,885

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. The University recognized $121.3 million in OPEB expense for the University OPEB Plan in fiscal year 2023. There are no assets accumulating in trust for the University OPEB plan. The following table illustrates the deferred outflows and inflows of resources from various sources as of June 30, 2023.

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

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	149,627	117,349
Changes in Assumptions	166,723	261,660
Contributions subsequent to the measurement date	19,243	-
Total	335,593	379,009

The $19.2 million reported as deferred outflows of resources as of June 30, 2023 resulting from contributions subsequent to the measurement date, will be recognized as a reduction to the University's OPEB liability in the year ending June 30, 2024.

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

Future Amortization of University OPEB's Deferred Outflows of Resources and Inflows of Resources *(in thousands)*	
Years ending June 30:	
2024	$ (19,832)
2025	(8,964)
2026	(3,997)
2027	7,281
2028	14,238
2029-2030	(51,385)
Total	$ (62,659)

Amortization bases included in the University's OPEB deferred outflows and inflows of resources as of June 30, 2023 are presented in the following table.

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

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
July 1, 2017	Differences between expected and actual experience	7.4	1.4	$ (87,654)	(16,584)	(11,845)
July 1, 2017	Changes in assumptions	7.4	1.4	(46,406)	(8,780)	(6,271)
July 1, 2018	Differences between expected and actual experience	7.5	2.5	(1,728)	(578)	(230)
July 1, 2018	Changes in assumptions	7.5	2.5	35,919	11,974	4,789
July 1, 2019	Differences between expected and actual experience	7.5	3.5	(209,938)	(96,570)	(27,592)
July 1, 2019	Changes in assumptions	7.5	3.5	3,678	1,718	490
July 1, 2020	Differences between expected and actual experience	7.7	4.7	287	176	37
July 1, 2020	Changes in assumptions	7.7	4.7	168,948	103,125	21,941
July 1, 2021	Differences between expected and actual experience	7.7	5.7	201,889	149,451	26,219
July 1, 2021	Changes in assumptions	7.7	5.7	67,418	49,906	8,756
July 1, 2022	Differences between expected and actual experience	8.1	7.1	(4,126)	(3,617)	(509)
July 1, 2022	Changes in assumptions	8.1	7.1	(288,497)	(252,880)	(35,617)
				Total	$ (62,659)	$ (19,832)

Colorado State University - OPEB Health Plan Trust

Plan Description

CSU contributes to the OPEB Health Plan Trust, a single-employer defined benefit healthcare plan comprised of the CSU Retiree Medical Premium Refund Plan for DCP Participants (DCP Refund), CSU Retiree Medical Premium Subsidy for PERA Participants (PERA Subsidy), and the CSU Retiree Umbrella Rx Plan for PERA Participants (Rx Subsidy) plans. The plans, while merged, continue to provide premium support or medical benefits to eligible retired CSU faculty and nonclassified employees with the Rx Subsidy extending the benefit coverage of those eligible for the PERA Medicare Advantage plan to their spouses and dependents that elect to participate.

Membership of the plan consisted of the following as of June 30, 2023:

Employees Covered by OPEB Health Plan Trust

Active plan members	5,634
Retirees receiving a subsidy	1,232
Retirees eligible for a subsidy but not yet receiving one	372
Total	**7,238**

OPEB Health Plan Trust

The OPEB Health Plan Trust is comprised of three single-employer retirement benefit plans regarding healthcare: DCP Refund, PERA Subsidy, and Rx Subsidy. The funds are combined and available for use by the OPEB Health Plan Trust. The merger was approved by CSU's Interim President in October 2022, and was effective January 1, 2023. The plan will continue to follow the individual eligibility requirements for participating individuals as follows:

DCP Refund

Employees who retire from the University at age 55 with 20 or more years of service or age 60 with 5 or more years of service are eligible for this benefit. For eligible retirees with 20 or more years of service, CSU pays a healthcare premium refund of the lesser of $648 per month or the actual cost of the retiree's (not including dependents) health insurance. Benefits are prorated for service between 5 and 20 years. DCP Refund plan participants include employees who were hired after April 1, 1993, who have no previous participation in PERA or have less than one year of participation in PERA or employees with at least one year of previous participation in PERA who elect to enroll in the DCP Refund plan at the time of appointment. DCP Refund plan participants also include certain employees hired prior to April 1, 1993 who made a one-time, irrevocable election at the time of implementation to terminate participation in PERA and join the DCP Refund plan. The DCP Refund plan is administered by HealthSmart.

PERA Subsidy

University faculty and nonclassified staff participating in the PERA retirement plan who meet CSU's age and years of service requirements and retire from the University with at least 10 years of University service, are eligible to receive a subsidy. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. The amount of the subsidy for eligible retirees is their out-of-pocket expenses for retiree only coverage or an amount equal to the premium for single coverage under the lowest cost plan available to active faculty and nonclassified staff, whichever is less. The plan is administered by PERA which bills CSU on a monthly basis for the applicable premiums.

Rx Subsidy

The University provides reimbursement for the prescription copayments made by eligible faculty and nonclassified staff who retire from the University under the PERA retirement plan with at least 10 years of service. Retirees have to be age 65 or older or eligible for Medicare and enrolled in the PERA Medicare Advantage plan to be eligible for this plan. Future enrollments are further restricted to those academic faculty and administrative professional staff participating in the PERA retirement plan and holding benefit eligible appointments on June 30, 2009. PERA provides a prescription insurance program for retirees enrolled in any medical insurance plan. The PERACare Prescription insurance program covers the cost of prescriptions after the member pays a copay which varies depending on whether the prescription is purchased through a local retail pharmacy or through a mail-order pharmacy, and whether the drug is generic or a brand-name drug. The plan is administered by Employee Benefit Management Services, Inc.

On an annual basis, funds equal to the actuarially determined contribution (ADC), provided by the actuarial valuation, are transferred to the irrevocable trust. The funds contributed to the OPEB Health Plan Trust for the fiscal year ended June 30, 2023, were $3.7 million. These funds, along with the amounts paid in by participants of $17 thousand and the related interest income, have resulted in total funds available of $81.8 million as of fiscal year ended June 30, 2023. The benefits paid by the University were $2.8 million for the fiscal year ended June 30, 2023. For the fiscal year ended June 30, 2023, the OPEB Health Plan Trust had a total OPEB liability of $114.2 million, a fiduciary net position of $81.8 million, and a net OPEB liability of $32.4 million. The fiduciary net position as a percentage of the total OPEB liability was 71.6 percent for the fiscal year ended June 30, 2023.

Actuarial Methods and Assumptions

The total OPEB (asset) liability in the fiscal year ended June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	OPEB Health Plan Trust
Valuation Date	1/1/2023
Measurement Date	1/1/2023
Actuarial cost method	
	Entry Age Normal, Level of Percent of Pay
Amortization Method	30 Years Open
Remaining amortization period	30 Years
Asset valuation method	Market Value
Acctuarial assumptions:	
Investment rate of return	6.35%
Inflation rate	2.50%
Salary increase rate	N/A
Healthcare cost trend rate	6.5% initial, 4.75% ultimate

The actuarial assumptions used in the January 1, 2023, valuation for retirement rates, non-retirement termination rates, salary scale, and participation assumptions were based on an experience study conducted in 2019.

Changes in the Net OPEB Liability

Changes in the net OPEB liability consist of the OPEB Health Plan Trust. The total of the plan as of fiscal year ended June 30, 2023 are as follows:

Changes in Net OPEB Liability ***(in thousands)***

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Measurement period beginning balance, January 1, 2022	$ 52,893	82,997	(30,104)
Changes for the year:			
Service cost	1,364	-	1,364
Interest	2,265	-	2,265
Change in plan provisions	70,682	-	70,682
Differences between expected and actual experience	(405)	-	(405)
Change in assumptions	(14,035)	-	(14,035)
Contributions-employer	-	677	(677)
Net investment income	-	(4,573)	4,573
Benefit payments	(1,944)	(1,944)	-
Administrative expense	-	(269)	269
Net changes	57,927	(6,109)	64,036
Measurement period ending balance, December 31, 2022	**$ 110,820**	**76,888**	**33,932**

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

The following presents the net OPEB (asset) liability of CSU, as well as what CSU's net OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate as of fiscal year ended June 30, 2023:

Sensitivity of OPEB Health Plan Trust's Net OPEB Liability to Changes in the Discount Rate *(in thousands)*

Fiscal year ended	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
June 30, 2023	49,020	33,932	21,378

The following presents the net OPEB (asset) liability of CSU, as well as what CSU's net OPEB (asset) liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as of fiscal year ended June 30, 2023:

Sensitivity of OPEB Health Plan Trust's Net OPEB Liability to Changes in the Healthcare Cost Trend Rate *(in thousands)*

Fiscal year ended	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
June 30, 2023	31,043	33,932	36,508

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

CSU recognized $68 million of OPEB expense for the OPEB Health Plan Trust in Fiscal Year 2023. The following table presents the OPEB Health Plan Trust's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30, 2023.

OPEB Health Plan Trust's Deferred Outflows and Inflows of Resources *(in thousands)*

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	733	2,225
Changes in Assumptions	2,143	16,048
Net difference between projected and actual earning	2,755	
Contributions subsequent to the measurement date	4,387	-
Total	10,018	18,273

$4.4 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 (asset) liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Future Amortization of OPEB Health Plan Trust Deferred Outflows of Resources and Inflows of Resources *(in thousands)*

Years ending June 30:		
2024	$	(3,952)
2025		(3,467)
2026		(3,107)
2027		149
2028		(591)
Thereafter		(1,674)
Total	$	(12,642)

Payable to the OPEB Plan

For the fiscal years ended June 30, 2023, CSU reported no payable as there were no outstanding contributions due to the Trust. For the fiscal year ended June 30, 2022, CSU reported no payable for the outstanding contributions due to the Trust.

Additional information on the OPEB Health Plan Trust is available in the stand-alone financial statements for the Colorado State University System at http://busfin.colostate.edu/Resources/Fin_Statements.aspx

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 2023, 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, 2023, the State offered three statewide, self-funded PPO options administered by Cigna and three regional, fully-insured HMO options administered by Kaiser Permanente. Two of these medical options were HSA-qualified high-deductible health plans (HDHPs). The State offers two statewide dental PPO plans and two statewide vision PPO plans administered by Delta Dental and EyeMed, respectively.

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

B. DEFINED CONTRIBUTION RETIREMENT PLANS

Defined Contribution Retirement Plan (PERA DC Plan)

Plan Description – Employees of the State of Colorado hired on or after January 1, 2006, employees of certain community colleges hired on or after January 1, 2008, and certain classified employees of State Colleges and Universities hired on or after January 1, 2019, have the option to participate in the SDTF, a cost-sharing multiple-employer defined benefit pension plan, or the Defined Contribution Retirement Plan (PERA DC Plan).

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 PERA DC Plan is also included in PERA's ACFR as referred to above.

Funding Policy – All participating employees in the PERA DC Plan and the State are required to contribute a percentage of the participating employees' PERA-includable salary to the PERA DC Plan. The employee and employer contribution rates for the period July 1, 2022 through June 30, 2023 are summarized in the tables below:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
Employee Contribution Rates:		
All employees other than State Troopers	11.00%	11.00%
State Troopers	13.00%	13.00%
Employer Contribution Rates:		
On behalf of all employees other than State Troopers	10.15%	10.15%
State Troopers	12.85%	12.85%

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

Additionally, employers are required to contribute AED, SAED, and other statutory amounts, as follows:

	July 1, 2022 Through December 31, 2022	January 1, 2023 Through June 30, 2023
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%
Automatic Adjustment Provision (AAP), as specified in C.R.S. § 24-51-413	1.00%	1.00%
Additional statutory contribution as specified in C.R.S. § 24-51-401 and § 24-51-1505	0.25%	0.25%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.10%	0.17%
Total employer contribution rate to the SDTF	**11.35%**	**11.42%**

Contribution 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% vested in the amount of employer contributions made on their behalf. For each full year of participation, vesting of employer contributions increases by 10%. Forfeitures are used to pay expenses of the PERA DC Plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the C.R.S. As a result, forfeitures do not reduce pension expense. Participating employees in the PERA DC Plan contributed $10.2 million and the State recognized contribution expenses of $9.5for the PERA DC Plan.

University of Colorado - Optional Retirement Plan

Under the University's optional retirement plan (ORP), a 401(a) plan, certain members of the University are required to participate in a defined contribution retirement plan administered by the University for the benefit of full-time faculty and exempt staff members. The State constitution assigns the authority to establish and amend plan provisions to the Regents. The contribution requirements of plan members and the University are established and may be amended by the Regents. Generally, employees are eligible for participation in the ORP upon hire and are vested immediately upon participation.

For the year ended June 30, 2023, 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 $203.6 million.

Participants in the University's ORP choose to invest all contributions with one or more of three designated vendors. In addition, participants in the University's ORP are covered under federal Social Security. Federal Social Security regulations require both the employer and employee to contribute a percentage of covered payroll to Social Security.

Colorado State University (CSU) - University Optional Retirement Plan – The Defined Contribution Plan for Retirement (DCP)

Under each 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 Defined Contribution Plan (DCP) for Retirement or, in very limited cases, in the PERA Defined Benefit plan (as eligibility permits). CSU began a sole record-keeper arrangement with Fidelity on June 1, 2023 for its DCP Plans. Prior to CSU's arrangement with Fidelity, DCP participants of the System selected 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)
- Corebridge

The defined contribution retirement plans are established pursuant to state statute (C.R.S. § 24-54.5-101 to 24-54.5-107). The CSU plan was adopted by the Board of Governors in December 1992, the CSU-Pueblo plan was adopted in April 1993 and the CSU-Global plan was adopted in July 2010. The Defined Contribution Retirement Plan is a qualified plan under Section 401(a) of the IRC. CSU, CSU-Pueblo and CSU-Global are the Plan Sponsors. All participants contribute the required 8.0 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 continuing 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 11.1 percent, as required, of eligible salary for all nonstudent employees, including those employees at less than half time and nonstudent temporary, hourly employees. CSU-Global provides a matching contribution of 11.1 percent, as required, of eligible salary for all nonstudent employees, including those employees at less than half time and nonstudent temporary, hourly employees. Both employee and employer contributions are vested immediately. Investments are participant directed within the funds available through the authorized investment companies. The System's aggregate contribution to the above three vendors was equal to 11.3 percent of covered payroll or approximately $62.0 million for the fiscal year ended June 30, 2023. The employee aggregate contribution to the above three vendors was equal to 8.0 percent of covered payroll or approximately $45.4 million for the fiscal year ended June 30, 2023.

NOTE 9 – RISK MANAGEMENT

State Risk Management – Liability Fund and Workers' Compensation

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. The State also purchases Stop Loss insurance to mitigate the risk of loss on claims paid. The State receives reimbursement for claims by individual claimant over $500,000.

Workers' Compensation losses are self-insured pursuant to the Risk Management Act (24-30-1501). Excess Worker's Compensation insurance policy is purchased with a $10,000,000 per occurrence deductible and a $50,000,000 per occurrence limit.

Property Losses - "all risk, including flood and equipment breakdown" insurance policy is purchased with a $500,000 per occurrence deductible, and a limit of $450,000,000 per occurrence. Per statute, individual Department property claims have a $5,000 per occurrence deductible (effective July 1, 2011).

Liability losses are self-insured pursuant to the Risk Management Act, including automobile liability, general liability, employment liability, and other claims brought under State and Federal law. Claims brought under state law are limited to $387,000 per person and $1,093,000 (for claims that occur on or after January 1, 2018 and before January 1, 2022) per accident pursuant to the Colorado Governmental Immunity Act (CGIA 24-10-101). Excess Public Liability coverage is purchased for claims outside of Colorado and claims brought under Federal law with a $2,000,000 per occurrence deductible and a $5,000,000 per occurrence limit. A Crime insurance policy is purchased with $250,000 per occurrence deductible and a $10,000,000 per occurrence limit to cover losses due to employee dishonesty and theft. There were no reductions in coverage. No settlements or judgments exceeded insurance coverage for each of the past five fiscal years. The estimated fiscal year end Incurred But Not Reported liability was provided by an independent actuary. No participation in a risk pool. We contract with an actuary to estimate liabilities in the workers' compensation and liability funds. There are no outstanding amounts for claims where annuities were purchased and the related liability removed from the books.

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

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

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

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

From January 1, 2000 through June 30, 2005, the State and its employees purchased insurance for medical claims. Beginning July 1, 2005, the State returned to the self-funding approach (used prior to January 1, 2000) for medical claims except for stop-loss insurance purchased for claims over $500,000 per individual. The State also maintains a fully insured health plan with Cigna that is separate from the self-funded plan. In Fiscal Year 2023, the State recovered $12.0 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 $22.1 million of insurance recoveries during Fiscal Year 2023. Of that amount approximately $4.4 million was related to asset impairments that occurred in prior fiscal years. The remaining $17.7 million relates to the current year and was primarily recorded by Group Benefits Plans (including the $12.0 million, as noted above), a Pension and Other Employee Benefits Fund, and $3.6 million by Higher Education in the Higher Education Institutions Fund.

University of Colorado – General Liability, Property, and Workers' Compensation

The University of Colorado is self-insured for workers' compensation, auto, property and general liability claims. The Fund's liabilities are projected on a semi-annual basis by an actuary, Willis Towers Watson. The University has purchased excess insurance to cover losses over its' self-insured retention (SIR), which varies by line of coverage and policy year. The current SIR levels are $500,000 per property claim, $1,500,000 per workers' compensation claim, and $1,250,000 per general liability claim. Tort claims are subject to the governmental immunity act, and damages are capped for specified areas at $350,000 per person and $990,000 per occurrence.

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 in insurance coverage in the prior year. There are 7 claims that exceeded coverage in the past three fiscal years: five Property and two General Liability.

University of Colorado Denver – Graduate Medical Education Health Benefits Program and Medical Malpractice

The University of Colorado Anschutz Medical Campus and its faculty and staff are self-insured for medical malpractice liability under the terms of the Colorado Governmental Immunity Act. The University of Colorado Self-Insurance Trust to cover claims greater than $500,000 per claimant and $1,500,000 per occurrence. The policy provides $10,000,000 coverage in aggregate annually; GME Health Benefit Program: The CU Graduate Medical Education (GME) Health Benefits Program is a comprehensive health and dental insurance program for physicians in training at the Anschutz Medical Campus. Coverage includes major medical, outpatient, lab, x-ray, prescriptions and personal psychiatric services for residents plus their immediate family (spouses and children). The plan's exposure to loss results from medical and dental claims filed on behalf of the enrolled members after receiving medical and dental services from qualified health care providers. Effective 7/1/2021, the program has been transferred to the University of Colorado Health and Welfare Trust, a fiduciary component unit of the University. No significant reductions in insurance coverage occurred during the fiscal year. Over the past three years, the plan has collected $137,795 from the stop-loss insurance carrier for settlements in excess of the individual stop-loss insurance coverage; GME Health Benefit Program: Effective 7/1/2021, GME Health Benefits Program has been transferred to the University of Colorado Health and Welfare Trust, a fiduciary component unit of the University. No significant changes of reductions in insurance coverage from coverage in the prior year. The self-insured for medical malpractice liability in Anschutz Medical Campus is not in a risk pool. The basis of estimating the liability is from an annual actuarial study. The liability balance is discounted and established at a 75% confidence level. Additional information is on file in the Finance Office; GME Health Benefit Program: GME does not participate in a risk pool for this program. Liabilities are estimated using actuarial calculations from a professional insurance brokerage firm. Due to the nature of the plan, claims are filed promptly after services are provided (typically within 30 days) with a limit stated in the plan that claims must be filed within 1 year of the date of service.

Colorado State University – Medical, Dental, and Disability Benefits and General Liability

CSU manages a combination of self-insured and fully-insured property and casualty insurance programs to best protect the University's assets. Separate accounts currently make up the self-insured program: workers' compensation, liability, auto comprehensive/collision, and property. CSU contracts various day-to-day operations of the self-funded benefit plans, including claims processing, to third-party administrators. CSU carries excess insurance for liability and workers' compensation claims over $500 thousand per occurrence, including claims arising from employment practices. CSU's excess liability limits for this insurance are $25.0 million per occurrence. CSU self-insures for property insurance claims less than $100 thousand per occurrence with a $1 thousand deductible per occurrence paid by the university department incurring the loss. CSU purchases property insurance with limits of $1.0 billion. In addition to this, CSU carries auto insurance for out-of-state vehicles and workers' compensation for out-of-state employees, student intern professional liability, professional liability insurance (Architects & Engineers), crime insurance, foreign liability insurance, Cyber Liability, Aviation Liability, Unmanned Aerial Vehicles Liability, TULIP (Tenant User Liability Insurance Program), and self-insures for in-state auto insurance. As of March 1, 2016, CSU purchased liability, professional liability, and pollution liability for The Center for Environmental Management Military Lands (CEMML) operations, including their prescribed burn operations. This insurance included a primary layer of $2.0 million aggregate, an umbrella layer of $5.0 million, and an excess layer of $5.0 million. In October 2017, after Board approval, additional limits were purchased so that CEMML could manage, and otherwise supervise prescribed burn activities. This resulted in insurance placed with total limits of liability equaling $50.0 million for CEMML.

In addition to the above, CSU is self-insured for various other risks of loss. Separate accounts currently make up the self-insured program: healthcare, dental, short-term disability, Family and Medical Leave Insurance (FAMLI), and an unallocated reserve fund. CSU contracts various day-to-day operations of the healthcare and dental self-funded benefit plans, including claims processing, to third-party administrators. Short-term disability and FAMLI, a voter approved initiative known as Proposition 118 which allows paid time off for qualifying reasons defined under the law, are administered by the University. CSU received state approval to operate its own self-funded FAMLI program with premium contributions effective January 1, 2023, and claim submissions beginning January 1, 2024. Program funding is derived from a combination of premiums paid by benefit plan participants and various institutional match amounts. The self-funded benefit plans are fully self-insured except for healthcare coverage, which is reinsured for claims expenses above $500 thousand per covered employee per year. The Unallocated Reserve Account is a general contingency reserve fund for miscellaneous and unanticipated expenses of the other health related accounts.

The amount of claims and administrative costs for the self-funded plans for the fiscal years ended June 30, 2023 and 2022 did not exceed plan revenues and reserves. Eligible faculty and nonclassified staff employees may select from various benefit plans and may elect to make premium contributions in the form of a pre-tax salary reduction.

The above health related programs had estimated claim liabilities of $51.3 million and $44.1 million at June 30, 2023 and 2022, respectively, which include incurred but not reported claims (IBNR) along with known claims at year end. These estimates are made through a combination of analyzing payments in early months of the subsequent year, historical trends, industry guidelines, and underwriting advice from our third-party administrator and benefits consultant.

In addition to these claims, workers' compensation had estimated claim liabilities of $2.3 million at June 30, 2023. Liability self-insurance had estimated claim liabilities of $1.2 million at June 30, 2023. These estimates are based on current data and actuarial reports. Property self-insurance had no estimated claim liabilities at June 30, 2023.

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				
2022-23	37,445	(22,521)	(17,764)	32,688
2021-22	25,495	6,673	(5,277)	37,445
2020-21	27,954	(6,400)	(3,941)	25,495
Workers' Compensation				
2022-23	88,086	26,883	32,320	82,649
2021-22	96,796	22,137	30,847	88,086
2020-21	104,030	25,262	32,496	96,796
Group Benefit Plans:				
2022-23	25,034	376,036	366,318	34,752
2021-22	21,061	322,881	318,908	25,034
2020-21	22,928	293,995	295,862	21,061
University of Colorado:				
General Liability, Property, and Workers' Compensation				
2022-23	18,612	8,120	6,542	20,190
2021-22	18,711	8,004	8,102	18,612
2020-21	17,621	7,530	6,440	18,711
University of Colorado Denver:				
Graduate Medical Education Health Benefits Program				
2022-23	-	-	-	-
2021-22	1,676	(751)	925	-
2020-21	2,502	13,293	14,119	1,676
Medical Malpractice				
2022-23	12,620	(915)	1,719	9,986
2021-22	12,251	1,911	1,542	12,620
2020-21	10,445	3,636	1,830	12,251
Colorado State University:				
Medical, Dental, and Disability Benefits and General Liability				
2022-23	47,719	80,356	73,241	54,834
2021-22	46,785	68,792	67,858	47,719
2020-21	37,074	69,799	60,088	46,785

NOTE 10 – LEASES AND SUBSCRIPTON-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

LEASES

State as Lessee

The State leases office space, buildings, software, and equipment. The total lease liability at June 30, 2023 is $244.6 million for governmental activities and $149.1 million for business-type activities. There are no significant residual payments excluded from the measurement of the lease liability. Outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the lease liability are $4.2 million. There are no significant outflows of resources recognized in fiscal year 2023 for other payments, including residual value guarantees or termination penalties, not previously included in the measurement of the lease liability. Interest expense on leases recognized in fiscal year 2023 is $1.9 million for governmental activities and $2.6 million for business-type activities.

The following table presents lease principal and interest requirements to maturity.

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities	
Fiscal Year(s)	Principal	Interest	Principal	Interest
2024	$ 63,728	$ 2,413	$ 23,165	$ 2,391
2025	42,043	1,902	18,775	2,083
2026	38,148	1,561	16,949	1,763
2027	23,157	1,273	15,377	1,473
2028	16,016	1,048	14,143	1,233
2029 to 2033	41,963	3,013	40,167	3,449
2034 to 2038	17,027	824	18,826	910
2039 to 2043	2,383	72	1,651	122
2044 to 2048	104	8	-	-
2049 to 2053	43	1	-	-
Total	$ 244,612	$ 12,115	$ 149,053	$ 13,424

There were no significant commitments under leases that existed before the commencement of the lease term; no significant losses associated with impairments; no significant sublease or sale-leaseback/lease-leaseback transactions; and no significant collateral as security.

Refer to *Note 5 – Capital and Right-to-Use Assets* for additional information on the total amount of leased assets by major class and related accumulated amortization.

State as Lessor

The State leases land use rights, buildings, office space, and excess facilities owned by institutions of higher education. There are no significant variable payments excluded from the measurement of the lease receivable and no significant inflows of resources from variable or other payments not previously included in the measurement of the lease receivable. The lease receivable at June 30, 2023 is $444 thousand for governmental activities and $109.3 million for business-type activities.

The State recognized rental income of $82 thousand for governmental activities and $11.8 million for business-type activities and interest income on leases of $3 thousand for governmental activities and $1.9 million for business-type activities. Inflows of resources recognized in the reporting period for variable and other payments not previously included in the measurement of the lease receivable are $43 thousand. There are no significant leases with options for the lessee to terminate the lease or abate payments if the State issues debt for which the principal and interest payments are secured by the lease payments.

There are no significant leases of assets that are held as investments; no significant regulated leases; and no leasing of assets to other entities considered to be a principal and ongoing operation of the State.

SUBSCRIPTON-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The State implemented the requirements of Governmental Accounting Standards Board Statement No. 96 – *Subscription-Based Information Technology Arrangements* for the fiscal year ended June 30, 2023.

The State has various subscription-based information technology arrangements for hosting services, processing income tax returns, lottery prize administration, preparation and conduction of elections, peace officer training, document management, research portals, curriculum management, and ERP systems. The total subscription liability at June 30, 2023 is $41.2 million for governmental activities and $87.4 million for business-type activities. There are no significant residual payments excluded from the measurement of the subscription liability. Outflows of resources recognized in the reporting period for variable payments not previously included in the measurement of the subscription liability are $464 thousand. There are no significant outflows of resources recognized in fiscal year 2023 for other payments, including termination penalties, not previously included in the measurement of the subscription liability. Interest expense on subscriptions recognized in fiscal year 2023 is $583 thousand for governmental activities and $1.6 million for business-type activities.

The following table presents subscription principal and interest requirements to maturity.

(Amounts in Thousands)

	Governmental Activities		Business-Type Activities	
Fiscal Year(s)	Principal	Interest	Principal	Interest
2024	$ 16,478	$ 491	$ 32,629	$ 1,335
2025	11,896	292	14,186	882
2026	6,875	184	9,999	533
2027	6,043	24	2,941	303
2028	-	-	11,672	162
2029 to 2033	-	-	6,845	275
2034 to 2038	-	-	1,192	10
2039 to 2043	-	-	7,927	-
Total	$ 41,292	$ 991	$ 87,391	$ 3,500

There were no significant commitments under subscriptions that existed before the commencement of the subscription term, and no losses associated with impairments.

Refer to *Note 5 – Capital and Right-to-Use Assets* for additional information on the total amount of subscription assets by major class and related accumulated amortization.

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 $3,214.8 million in available net revenue after operating expenses to meet the $264.4 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 2023, the State recorded $423.7 million of interest costs, of which $194.1 million was recorded by governmental activities and $229.6 million was recorded by business-type activities. The governmental activities interest cost primarily comprises $5.2 million of Highway Users Tax Fund interest on Transportation Revenue Anticipation Notes issued by the Department of Transportation, $15.3 million of interest on Certificates of Participation issued by the Judicial Branch, and $63.6 million of interest on Certificates of Participation issued by the State Treasurer for the Building Excellent Schools Today program. The business-type activities interest cost primarily comprises $149.6 million of interest on revenue bonds issued by institutions of higher education, $8.5 million of interest paid to lending institutions that made loans to students under the College Assist loan guarantee program, and $57.4 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, 2023, are as follows:

(Amounts in Thousands)

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

Fiscal Year	Notes Payable Principal	Notes Payable Interest	Certificates of Participation Principal	Certificates of Participation Interest	Totals Principal	Totals Interest
2024	$ 24,302	$ 2,136	$ 210,086	$ 168,636	$ 234,388	$ 170,772
2025	20,250	1,628	129,946	162,173	150,196	163,801
2026	16,888	1,192	128,755	155,752	145,643	156,944
2027	12,805	766	143,480	148,642	156,285	149,408
2028	8,123	491	243,220	141,633	251,343	142,124
2029 to 2033	14,770	618	815,065	583,576	829,835	584,194
2034 to 2038	3	-	892,555	388,133	892,558	388,133
2039 to 2043	-	-	918,255	152,763	918,255	152,763
2044 to 2048	-	-	203,140	16,129	203,140	16,129
Subtotals	97,141	6,831	3,684,502	1,917,437	3,781,643	1,924,268
Unamortized Prem/Discount	-	-	526,605	-	526,605	-
Totals	$ 97,141	$ 6,831	$ 4,211,107	$ 1,917,437	$ 4,308,248	$ 1,924,268

(Amounts in Thousands)

Governmental Activities (Direct Borrowings and Direct Placements)

Fiscal Year	Notes Payable		Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 360	$ 21	$ 3,375	$ 7,779	$ 3,735	$ 7,800
2025	140	13	9,210	7,266	9,350	7,279
2026	147	6	7,455	6,978	7,602	6,984
2027	-	-	9,705	7,188	9,705	7,188
2028	-	-	12,770	6,878	12,770	6,878
2029 to 2033	-	-	99,500	28,938	99,500	28,938
2034 to 2038	-	-	125,545	12,389	125,545	12,389
2039 to 2043	-	-	20,115	6,784	20,115	6,784
2044 to 2048	-	-	9,345	1,002	9,345	1,002
Subtotals	647	40	297,020	85,202	297,667	85,242
Unamortized Prem/Discount	-	-	(278)	-	(278)	-
Totals	$ 647	$ 40	$ 296,742	$ 85,202	$ 297,389	$ 85,242

(Amounts in Thousands)

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

Fiscal Year	Revenue Bonds		Notes Payable		Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 142,489	$ 156,522	$ 6,384	$ 26,975	$ 16,395	$ 3,217	$ 165,268	$ 186,714
2025	364,902	148,335	6,983	26,731	17,236	2,378	389,121	177,444
2026	255,732	136,542	7,645	26,461	18,115	1,495	281,492	164,498
2027	226,534	127,859	8,510	26,160	19,050	566	254,094	154,585
2028	173,718	120,542	9,381	25,826	1,800	45	184,899	146,413
2029 to 2033	736,130	499,948	66,377	122,466	-	-	802,507	622,414
2034 to 2038	688,775	347,201	91,913	107,738	-	-	780,688	454,939
2039 to 2043	645,505	187,830	134,365	86,066	-	-	779,870	273,896
2044 to 2048	330,875	84,632	188,246	55,127	-	-	519,121	139,759
2049 to 2053	161,455	35,025	184,201	14,091	-	-	345,656	49,116
2054 to 2058	88,600	7,487	-	-	-	-	88,600	7,487
Subtotals	3,814,715	1,851,923	704,005	517,641	72,596	7,701	4,591,316	2,377,265
Unamortized Prem/Discount	216,597	-	-	-	7,324	-	223,921	-
Unaccreted Interest	(1,367)	-	-	-	-	-	(1,367)	-
Totals	$ 4,029,945	$ 1,851,923	$ 704,005	$ 517,641	$ 79,920	$ 7,701	$ 4,813,870	$ 2,377,265

(Amounts in Thousands)

Business-Type Activities (Direct Borrowings and Direct Placements)

Fiscal Year	Revenue Bonds		Notes Payable		Mortgages Payable		Certificates of Participation		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 245,454	$ 17,241	$ 6,856	$ 4,288	$ 439	$ 362	$ 2,065	$ 323	$ 254,814	$ 22,214
2025	15,578	14,977	12,320	4,736	457	344	2,125	272	30,480	20,329
2026	18,920	14,128	12,009	4,008	476	325	2,160	220	33,565	18,681
2027	17,115	13,333	23,905	5,384	497	304	2,215	167	43,732	19,188
2028	21,780	12,716	17,835	4,328	2,817	1,189	2,265	113	44,697	18,346
2029 to 2033	210,235	50,697	25,802	9,626	4,248	164	2,320	57	242,605	60,544
2034 to 2038	215,515	23,996	8,736	6,525	-	-	-	-	224,251	30,521
2039 to 2043	46,670	9,486	8,785	4,690	-	-	-	-	55,455	14,176
2044 to 2048	26,285	3,475	11,005	2,470	-	-	-	-	37,290	5,945
2049 to 2053	6,565	878	5,144	245	-	-	-	-	11,709	1,123
Subtotals	824,117	160,927	132,397	46,300	8,934	2,688	13,150	1,152	978,598	211,067
Unamortized Prem/Discount	649	-	-	-	-	-	(4)	-	645	-
Unaccreted Interest	-	-	-	-	-	-	-	-	-	-
Totals	$ 824,766	$ 160,927	$ 132,397	$ 46,300	$ 8,934	$ 2,688	$ 13,146	$ 1,152	$ 979,243	$ 211,067

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, 2023, 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
2024	$ 975	$ 1,390	$ 229	$ 2,594
2025	1,000	1,350	222	2,572
2026	32,435	556	91	33,082
Totals	$ 34,410	$ 3,296	$ 542	$ 38,248

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, 2023, 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
2024	$ 1,005	$ 2,995	$ (1,392)	$ 2,608
2025	1,005	2,951	(1,371)	2,585
2026	1,000	2,905	(1,350)	2,555
2027	1,570	2,854	(1,326)	3,098
2028	3,045	2,765	(1,285)	4,525
2029 to 2033	18,625	11,888	(5,525)	24,988
2034 to 2038	12,805	7,813	(3,631)	16,987
2039 to 2043	14,375	4,806	(2,234)	16,947
2044 to 2048	13,225	1,352	(628)	13,949
Totals	$ 66,655	$ 40,329	$ (18,742)	$ 88,242

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, 2023, 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
2024	$ -	$ 4,511	$ -	$ 4,511
2025	-	4,511	-	4,511
2026	375	4,511	(1,963)	2,923
2027	380	4,511	(1,972)	2,919
2028	390	4,511	(1,981)	2,920
2029 to 2033	2,080	22,554	(10,047)	14,587
2034 to 2038	7,585	21,768	(9,965)	19,388
2039 to 2043	11,980	19,810	(9,166)	22,624
2044 to 2048	19,015	18,110	(8,411)	28,714
2049 to 2053	46,765	11,049	(5,353)	52,461
2054 to 2058	20,170	1,428	(717)	20,881
Totals	$ 108,740	$ 117,274	$ (49,575)	$ 176,439

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

Assuming current interest rates are applied over the term of the debt, at June 30, 2023, Metropolitan State University's aggregate debt service payments and net swap cash payments are reflected in the table below:

(Amounts in Thousands)

Net Debt Service for Metropolitan State University Interest Rate Swap Agreement

Fiscal Year	Principal	Interest	Interest Rate Swap, Net	Total
2024	$ -	$ 2,014	$ (749)	$ 1,265
2025	1,535	1,943	(723)	2,755
2026	1,590	1,869	(695)	2,764
2027	1,655	1,793	(667)	2,781
2028	1,715	1,713	(637)	2,791
2029 to 2033	9,630	7,262	(2,700)	14,192
2034 to 2038	11,680	4,753	(1,767)	14,666
2039 to 2043	15,660	1,641	(610)	16,691
Totals	$ 43,465	$ 22,988	$ (8,548)	$ 57,905

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	Notes Payable	Mortgages Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ 117,439	$ -	$ 4,294,199	$ 4,411,638
Business-Type Activities	5,195,873	718,072	12,450	227,990	$ 6,154,385
Total	$ 5,195,873	$ 835,511	$ 12,450	$ 4,522,189	$ 10,566,023

Direct Borrowings and Direct Placements (Amounts in Thousands)

	Revenue Bonds	Notes Payable	Mortgages Payable	Certificates of Participation	Total
Governmental Activities	$ -	$ 9,504	$ -	$ 317,750	$ 327,254
Business-Type Activities	879,695	152,930	12,450	34,080	$ 1,079,155
Total	$ 879,695	$ 162,434	$ 12,450	$ 351,830	$ 1,406,409

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

- The Colorado Bureau of Investigations (CBI) Grand Junction Regional Office and Forensic Laboratory (related to non-direct borrowing/direct placement for governmental activities);
- The CBI Pueblo Regional Office and Forensic Laboratory (related to non-direct borrowing/direct placement for governmental activities);
- The CBI Forensic Laboratory Equipment (related to direct borrowing/direct placement for governmental activities);
- The Colorado Department of Transportation (CDOT) Headquarters and Regional Office Buildings (related to non-direct borrowing/non-direct placement for governmental activities);
- The Colorado History Building at 1200 Broadway in Denver (related to direct borrowing/direct placement for governmental activities).

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

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

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

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

Derivative Instruments

Colorado 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 positive fair value of $4.0 million as of June 30, 2023. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent asset and a deferred inflow of resources as of fiscal year ended June 30, 2023. The 2015 D Swap Agreement had a notional value of $66.7 million and a positive fair value of $648 thousand as of June 30, 2022. The fair value of the 2015 D Swap Agreement was recorded as a noncurrent asset and a deferred inflow of resources as of fiscal year ended June 30, 2022. 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 USD-LIBOR-BBA, payable by RBC. RBC, counterparty to the 2015 D Swap Agreement, determined the fair value as of June 30, 2023 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 positive fair value of $11.8 million as of June 30, 2023. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent asset and a deferred inflow of resources as of fiscal year ended June 30, 2023. The 2015 A Swap Agreement had a notional value of $108.7 million and a positive fair value of $8.3 million as of June 30, 2022. The fair value of the 2015 A Swap Agreement was recorded as a noncurrent asset and a deferred inflow of resources as of fiscal year ended June 30, 2022. 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 USD-LIBOR-BBA, payable by RBC. RBC, counterparty to the 2015 A Swap Agreement, determined the fair value as of June 30, 2023 using a discounted forecasted cash flow.

Pursuant to the “Adjustable Interest Rate (LIBOR) Act”, starting the first London banking day after June 30, 2023, LIBOR will be replaced with the “Secured Overnight Financing Rate” (SOFR) published by the Federal Reserve Bank of New York.

There was no interest rate swap agreement activity for the fiscal year ended June 30, 2023.

Interest rate swap agreement activity for the fiscal year ended June 30, 2022 was as follows:

Table 11.4 Interest rate swap agreement

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amount Due Within One Year Year
Interest rate swap agreement $	8,894	-	(8,894)	-	-

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, 2023, RBC’s credit rating is rated Aa1 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 fair 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 & SHORT-TERM DEBT

LONG-TERM LIABILITIES

Primary Government

The following table summarizes the changes in long-term liabilities for Fiscal Year 2023:

(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	$ 18,218	$ 1	$ 52,050	$ 70,269	$ 68,788
Accrued Compensated Absences	224,782	35,315	(19,017)	241,080	18,503
Claims and Judgments Payable	172,882	1,000	(14,978)	158,904	42,092
Leases Payable	262,427	24,636	(42,347)	244,716	53,965
SBITAs Payable	-	43,444	(2,152)	41,292	15,077
Certificates of Participation from Direct Borrowings and Direct Placements	299,880	-	(3,138)	296,742	3,375
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	4,351,305	9,860	(150,058)	4,211,107	210,086
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	1,483	149	(985)	647	360
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Direct Placements	101,745	18,494	(23,098)	97,141	24,302
Net Pension Liability	5,828,306	5,618,011	-	11,446,317	-
Other Postemployment Benefits	182,721	-	(12,035)	170,686	-
Other Long-Term Liabilities	235,415	177,448	(30,921)	381,942	-
Total Governmental Activities Long-Term Liabilities	11,679,164	5,928,358	(246,679)	17,360,843	436,548
Business-Type Activities					
Deposits Held In Custody For Others	36,502	-	2,333	38,835	38,810
Accrued Compensated Absences	479,768	88,071	(52,272)	515,567	44,240
Claims and Judgments Payable	55,947	8,178	(3,744)	60,381	1,310
Leases Payable	159,122	14,249	(24,317)	149,054	22,799
SBITAs Payable	-	95,657	(8,266)	87,391	31,714
Derivative Instrument Liabilities	5,041	5,903	(6,108)	4,836	-
Bonds Payable from Direct Borrowings and Direct Placements*	785,108	70,110	(15,377)	839,841	245,442
Bonds Payable from Non-Direct Borrowings and Non-Direct Placements*	4,118,016	112,414	(215,560)	4,014,870	142,502
Certificates of Participation from Direct Borrowings and Direct Placements	15,233	-	(2,087)	13,146	2,065
Certificates of Participation from Non-Direct Borrowings and Non-Direct Placements	97,645	-	(17,725)	79,920	16,395
Notes, Anticipation Warrants, Mortgages from Direct Borrowings and Direct Placements	187,304	2,009	(47,984)	141,328	7,295
Notes, Anticipation Warrants, Mortgages from Non-Direct Borrowings and Non-Direct Placements	708,470	1,234	(5,697)	704,008	6,383
Net Pension Liability	2,582,558	1,120,299	-	3,702,857	-
Other Postemployment Benefits	1,368,070	-	(148,087)	1,219,983	-
Other Long-Term Liabilities	143,038	17,779	(13,389)	147,428	-
Total Business-Type Activities Long-Term Liabilities	10,741,822	1,535,903	(558,280)	11,719,445	558,955
Total Primary Government Long-Term Liabilities	$ 22,420,986	$ 7,464,261	$ (804,959)	$ 29,080,288	$ 995,503

*Total beginning balance for Bonds is equal to prior year ending balance but there was a $3.6 million net reclassification between direct and non-direct from two institutions of higher education.

Liabilities for accrued compensated absences, net pension liabilities, and other postemployment benefits 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, net pension, and OPEB liabilities.

The amounts in the table above for the changes in net pension liability and other postemployment benefits liability are netted and presented as either additions or reductions. See Note 6 for additional information on pensions and Note 7 for additional information on OPEB.

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*.

SHORT-TERM DEBT

Education Loan Program Tax and Revenue Anticipation Notes (ETRAN)

The State Treasurer is authorized by law to issue notes and lend the proceeds to school districts in anticipation of local revenues for school district to be collected later.

On July 19, 2022, the State Treasurer issued $350.0 million of ETRAN, Series 2022A. The blended coupon rate was 4.8 percent, with net interest costs (including cost of issuance) of $5.5 million, a premium of $10.8 million getting a total interest costs of $15.9 million or 1.5 percent of offering. The notes matured on June 29, 2023, and were repaid.

On January 17, 2023, the State Treasurer issued $425.0 million of ETRAN, Series 2022B. The blended coupon rate was 4.76 percent, with net interest costs (including cost of issuance) of $5.0 million, a premium of $4.3 million, total interest costs of $9.1 million or 2.5 percent of offering. The notes matured on June 29, 2023 and were repaid.

Other Short-Term Financing

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, for any of the campuses for which the Board has spending authority.

The following schedule shows the changes in short-term financing for the period ended June 30, 2023:

(Amounts in Thousands)

	Beginning Balance July 1	Changes Additions	Changes Reductions	Ending Balance June 30
Governmental Activities:				
Education Loan Anticipation Notes	-	775,000	(775,000)	-
Total Governmental Activities Short-Term Financing	-	775,000	(775,000)	-
Business-Type Activities:				
Tax Exempt Commercial Paper	28,420	-	(8,120)	20,300
Total Business-Type Activities Short-Term Financing	28,420	-	(8,120)	20,300
Total Short-Term Financing	$ 28,420	$ 775,000	$ (783,120)	$ 20,300

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 2023, debt was defeased in both governmental and business-type activities.

At June 30, 2023, 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	$ 525,205
Business-Type Activities:	
University of Colorado	566,665
Colorado State University	265,380
Colorado Community College System	39,625
Metropolitan State University of Denver	21,520
Total	$ 1,418,395

For the State of Colorado, no bonds were issued in Fiscal Year 2023 to defease debt.

Regarding debt extinguishment, three institutions of higher education had $85.6 million in face amount of extinguished debt, $51.2 million of cash/monetary assets placed in escrow, and $82.7 million in cash flows required to service.

POLLUTION REMEDIATION OBLIGATIONS

Various state agencies 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 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 placed on an Environmental Protection Agency (EPA) list that ranks sites according to a process that assesses current or potential health impacts. The following individually significant items are all Superfund sites under the control of the Department of Public Health and Environment.

The State's total amount of pollution remediation obligations as of June 30, 2023 was $348.6 million, of which $8.1 million is a current liability. Individually significant pollution remediation obligations are disclosed below:

- The Department of Public Health & Environment recorded a liability for remediation activities in the Clear Creek Basin of approximately $170.1 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 Fiscal Year 2022, increasing to approximately $2.6 million in Fiscal Year 2029, with a projected annual increase of 2 percent thereafter. The department shares the remaining costs to complete the remediation projects with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA for 10 years. After this time, the State assumes 100 percent of the operating and maintenance costs. Costs are estimated based on past experience with similar construction projects adjusted for such factors as differences in water flow needing treatment, previous site studies, preliminary design work, and cost changes for labor, materials, etc. Operating costs are similarly estimated giving consideration to generally the same factors as for construction costs.

- The Department of Public Health & Environment recorded a liability for remediation activities at the Summitville Mine of approximately $143.2 million related to the operation of a water treatment plant. The mine is located in the San Juan Mountains, surrounded by the Rio Grande National Forest. The operating and maintenance costs of the treatment plant are to be shared with the EPA in a cost-sharing ratio of 10 percent State, 90 percent EPA through Fiscal Year 2022. Beginning in Fiscal Year 2023, the State will assume 100 percent of the operating costs of the treatment plant, with a projected total cost of approximately $2.0 million per year, with a projected annual increase of 2 percent thereafter. Operating and maintenance estimates are based on experience in operating existing plants adjusted for the newer design and technological advancements. Potential changes affecting these estimates include regulatory changes in the EPA cost-sharing ratio, as well as technology and pricing changes that could impact operating costs.

- The Department of Public Health & Environment recorded a liability for remediation activities at the Captain Jack Mill located at the headwaters of the Left Hand Creek Watershed in the mountains west of Boulder of approximately $12.7 million related to the cleanup of contamination from mine waste piles and drainage. The EPA and the State have agreed on a remediation plan from a recently completed engineering study, and the State is in the phase of conducting an in-site pilot that cost approximately $0.2 million in Fiscal Year 2023. In Fiscal Year 2024, a sulfate reducing bioreactor is estimated to be completed with a projected cost of $0.2 million. Upon completion, the State's 10% share of operations and maintenance will commence in Fiscal Year 2025. Annual ongoing projected costs for subsurface remedy average $0.1 million per year until Fiscal Year 20235 when the State assumes 100% share of operations and maintenance, and projected costs increase to $0.4 million per year with a 2 percent projected annual increase thereafter. The State is analyzing the feasibility of recovering approximately $2.8 million by implementing an in-site remedy for treating the mine drainage. Other factors that could affect the estimated liability include whether the detailed design work results in construction costs higher than estimated in the engineering study.

- The Department of Public Health & Environment recorded a liability for remediation activities at the Bonita Peak Mining District site is located near Silverton, Colorado for approximately $5.1 million. The Bonita Peak Mining District is within the Mineral Creek, Cement Creek, and the Upper Animas River drainages. The site consists of 48 historic mines or mining-related sources where ongoing releases of metal-laden water and sediments occur within Mineral Creek, Cement Creek, and the Upper Animas. An interim record of decision (IROD) establishes a site-wide repository for disposing of site-related mine waste from remedial action cleanups, sludge generated at the water treatment plant, and waste from future water treatment operations. The projected five-year costs are $0.1 million per year for the first four years with a $1.0 million projected cost in Fiscal Year 2026. The site-wide repository is estimated at $0.3 million per year for a five-year period ending in Fiscal Year 2027. The State's share of O&M is not projected to start until Fiscal Year 2028, where projected annual costs are $0.1 million, with a 2% annual increase thereafter. Approximately 20 of the 48 sites do not have viable responsible parties. Therefore, these sites will likely be addressed using a fund-financed remedial action of 90% EPA and 10% State, at which time the State's share will increase.

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, 2023.

(Amounts in Thousands)

	Governmental Activities	Business-Type Activities	Total
Deferred Outflows of Resources:			
Refunding Losses	$ 20,217	$ 130,207	$ 150,424
Derivatives	-	1,573	1,573
Other	7,127	535	7,662
Other Post Employment Benefits	40,135	359,947	400,082
Pensions	4,373,934	622,856	4,996,790
	4,441,413	1,115,118	5,556,531
Deferred Inflows of Resources:			
Refunding Gains	390	1,812	2,202
Derivatives	-	17,753	17,753
Lease Components	295	111,084	111,379
Nonexchange Transactions	-	33	33
Other	17,390	1,774	19,164
Unavailable Revenue	795	-	795
Service Concession Arrangements	-	122,023	122,023
Other Post Employment Benefits	75,809	443,532	519,341
Pensions	676,532	137,605	814,137
	$ 771,211	$ 835,616	$ 1,606,827

NOTE 15 – NET POSITION AND FUND BALANCE

PRIOR PERIOD ADJUSTMENTS AND ACCOUNTING CHANGES TO NET POSITION

A. PRIOR PERIOD ADJUSTMENTS

Fund balances and net position at July 1, 2022 have been increased (decreased) as follows in order to correct errors:

GOVERNMENTAL ACTIVITIES	(Dollars in Thousands)	
Major Governmental Funds		
General Fund		
Governor - Office of Economic Development	$ 17,002	
To correct trustee loan balance for a 2010 State Small Business Credit Initiative grant received by OEDIT and administered by Colorado Housing and Finance Authority.		
Total Major Governmental Funds		17,002
Nonmajor Governmental Funds		
Special Capital Construction Funds		
History Colorado	$ (1,067)	
To correct gain recorded in fiscal year 2022 relating to the Lowry land sale.		
Total Nonmajor Governmental Funds		(1,067)
TOTAL GOVERNMENTAL ACTIVITIES		**$ 15,935**

B. ACCOUNTING CHANGES

Fund balance, net position, and fiduciary net position at July 1, 2022 have been increased (decreased) as follows in order to implement the requirements of GASB Statement No. 96 – Subscription Based IT Arrangement.

BUSINESS-TYPE ACTIVITIES	(Dollars in Thousands)	
Major Enterprise Funds		
Higher Education Institutions		
Colorado School of Mines	$ (15)	
Colorado State University	374	
Fort Lewis College	48	
Metropolitan State University of Denver	1,463	
Western State Colorado University	331	
Total Major Enterprise Funds		2,201
TOTAL BUSINESS-TYPE ACTIVITIES		**$ 2,201**

C. FUND BALANCE

On the *Balance Sheet – Governmental Funds,* the fund balances on June 30, 2023, were comprised of the following categories. (refer to Note 1 for additional information):

(Dollars in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
GENERAL FUND			
General Government	$ 452,890	$ 1,962,834	$ 81,163
Business, Community and Consumer Affairs	-	334,166	-
Education	428,597	263,195	-
Health and Rehabilitation	-	23,358	-
Justice	-	7,026	-
Natural Resources	-	948	-
Social Assistance	-	11,994	-
TOTAL	$ 881,487	$ 2,603,521	$ 81,163
HIGHWAY USERS TAX			
General Government	$ 60,560	$ 40,755	$ -
Health and Rehabilitation	5,753	-	-
Justice	2,553	1,618	-
Natural Resources	300	-	-
Transportation	437,207	20,566	-
TOTAL	$ 506,373	$ 62,939	$ -
OTHER GOVERNMENTAL FUNDS			
General Government	$ 128,848	$ 2,526,356	$ -
Business, Community and Consumer Affairs	99,529	1,673,984	-
Education	1,517,985	85,178	-
Health and Rehabilitation	15,458	180,148	-
Justice	5	333,713	-
Natural Resources	19,496	1,405,879	-
Social Assistance	-	225,102	-
Transportation	-	193,558	-
TOTAL	$ 1,781,321	$ 6,623,918	$ -

D. STABILIZATION ARRANGEMENTS

Restriction on State Appropriations – General Fund Reserve

In accordance with Section 24-75-201.1(1)(d) C.R.S., state general fund appropriations are limited in order to maintain sufficient available budgetary fund balance (the reserve) for the General Fund - General Purpose Revenue Component. For the fiscal year ended June 30, 2023, the required reserve is calculated as fifteen percent of General Purpose Revenue Fund appropriations less exceptions pursuant to Section 24-75-201.1(2) C.R.S. Section 24-75-201.5(1)(a) C.R.S. further requires the Governor to take action within the fiscal year to preserve one half of the reserve when economic forecasts indicate revenues will not be adequate to maintain the required reserve. In conjunction with the

Governor's actions to reduce expenditures, the legislature has traditionally taken action to use the reserve. Historically, the statutory reserve has only been expended during recessionary periods when other budget measures have been exhausted. As of June 30, 2023, on a legal budgetary basis the reserve was $2 billion. Refer to the Budgetary Comparison Schedule General Fund – General Purpose Revenue Component, and to Note RSI-4 for additional information.

Emergency Reserve

Senate Bill (SB) 21-227 established the State Emergency Reserve Cash Fund effective with the State's fiscal year ended June 30, 2021. SB 21-227 required a transfer of $101.0 million from the General Purpose Revenue Component of the General Fund and a transfer of $100.0 million from the Controlled Maintenance Trust Fund to the to the State Emergency Reserve Cash Fund. The State Emergency Reserve Cash Fund is reported as the Emergency Reserve component of the State's General Fund. Refer to the Combining Balance Sheet – General Fund Components and to the Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund Components for additional information. The Emergency Reserve was $70.1 million at June 30, 2023. The Emergency Reserve shall not be expended or appropriated for any purpose other than for an emergency declared by the Governor pursuant to 24-33.5-704(4). Refer to Note RSI-4 for additional information.

E. 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 2023.

F. 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 over expenditures.

(Dollars in Thousands)

	Enterprise Funds	Internal Service Funds
State Lottery	$ (20,363)	$ -
Correctional Industries	(15,308)	-
State Nursing Homes	(51,660)	-
Information Technology	-	(225,504)
Capitol Complex	-	(1,017)
Highways	-	(756)
Administrative Courts	-	(7,764)
Legal Services	-	(76,809)
	$ (88,671)	$ (317,174)

NOTE 16 – INTERFUND TRANSACTIONS

INTERFUND BALANCES

Interfund balances at June 30, 2023, consisted of the following:

(DOLLARS IN THOUSANDS)	DUE FROM General	Federal Special Revenue	Highway Users Tax	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Transportation Enterprise
DUE TO							
General	$ -	$ 114	$ 7,831	$ 29,506	$ 873	$ 29,187	$ -
Highway Users Tax	151	-	-	284	-	-	21,700
Other Governmental Funds	5,300	-	187	7,505	-	-	-
Higher Education Institutions	16,554	508	550	4,875	-	-	-
Healthcare Affordability	3,404	-	-	-	-	-	-
Other Enterprises	2,025	-	51	-	82	-	-
Internal Service Funds	15	-	-	-	-	-	-
Pension and Other Employee Benefit Trust	47	-	-	6	1,816	-	-
Private Purpose Trust	-	-	-	-	-	-	-
Total	$ 27,496	$ 622	$ 8,619	$ 42,176	$ 2,771	$ 29,187	$ 21,700

(DOLLARS IN THOUSANDS)	DUE FROM Other Enterprises	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Custodial	Total
DUE TO						
General	$ 31,071	$ 302	$ 5	$ -	$ -	$ 98,889
Highway Users Tax	-	-	-	-	-	22,135
Other Governmental Funds	14,877	-	-	-	1,241	29,110
Higher Education Institutions	567	-	13	-	-	23,067
Healthcare Affordability	-	-	-	-	-	3,404
Other Enterprises	12,218	-	-	521	-	14,897
Internal Service Funds	-	-	-	-	-	15
Pension and Other Employee Benefit Trust	3	-	-	-	-	1,872
Private Purpose Trust	11,562	-	-	-	-	11,562
Total	$ 70,298	$ 302	$ 18	$ 521	$ 1,241	$ 204,951

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 $31.1 million due to the General Fund from Other Enterprises primarily consists of amounts owed from the State Lottery Fund as of June 30, 2023 for distributions related to the fourth quarter of Fiscal Year 2023 that were made in Fiscal Year 2024.

The balance of $29.5 million due from Other Governmental Funds to the General Fund consists primarily of $21.6 million in gaming distributions due from the Gaming Fund.

The Healthcare Affordability Fund had an internal payable to the General Fund of $29.2 million. This amount represents Medicaid payments to providers in Fiscal Year 2023 for which the State was reimbursed in Fiscal Year 2024 due to the timing of the receipt of federal monies into the Healthcare Affordability Fund.

The $21.7 million owed from the Transportation Enterprise Fund to the Highway Users Tax Fund represents loans within the Colorado Department of Transportation and are not expected to be paid within one year.

Of the $16.6 million owed from the General Fund to Institutions of Higher Education, $28.1 million was due from the Department of Higher Education to Institutions of Higher Education for various purposes.

Other Governmental Funds report an internal receivable of $14.9 million from Other Enterprises. This balance reflects outstanding loans payable from the Parks and Wildlife Fund to the Resource Extraction Fund, $14.2 million of which are not expected to be repaid within one year.

INTERFUND TRANSFERS

Interfund transfers for Fiscal Year 2023, consisted of the following:

(DOLLARS IN THOUSANDS)	TRANSFER FROM General	Federal Special Revenue	Highway Users Tax	Other Governmental Funds	Higher Education Institutions	Healthcare Affordability	Transportation Enterprise
TRANSFER TO							
General	$ -	$ 3,760	$ 23,629	$ 460,010	$ 3,151	$ 16,059	$ 100
Federal Special Revenue	1,251	-	-	527	-	-	-
Highway Users Tax	91,136	-	-	399,706	-	-	-
Other Governmental Funds	1,331,375	34	59,337	328,814	-	-	-
Higher Education Institutions	404,062	117	-	160,255	-	-	-
Other Enterprises	4,512	-	-	5,096	325	-	-
Internal Service Funds	-	-	-	2,335	-	-	-
Pension and Other Employee Benefit Trust	-	-	-	1,102	-	-	-
Private Purpose Trust	-	-	-	-	-	-	-
Total	$ 1,832,336	$ 3,911	$ 82,966	$ 1,357,845	$ 3,476	$ 16,059	$ 100

(DOLLARS IN THOUSANDS)	TRANSFER FROM Other Enterprises	Internal Service Funds	Pension and Other Employee Benefit Trust	Private Purpose Trust	Custodial	Total
TRANSFER TO						
General	$ 98,567	$ 7,210	$ 261	$ 8	$ -	$ 612,755
Federal Special Revenue	-	-	-	-	-	1,778
Highway Users Tax	-	-	-	-	-	490,842
Other Governmental Funds	4,399	108	-	-	69	1,724,136
Higher Education Institutions	-	-	-	-	-	564,434
Other Enterprises	27,872	-	-	-	-	37,805
Internal Service Funds	-	436	-	-	-	2,771
Pension and Other Employee Benefit Trust	-	-	-	-	-	1,102
Private Purpose Trust	2,000	-	-	-	-	2,000
Total	$ 132,838	$ 7,754	$ 261	$ 8	$ 69	$ 3,437,623

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 $1,331.4 million transferred from the General Fund to Other Governmental Funds includes $350.4 million to the Affordable Housing and Home Ownership Cash Fund, an Other Special Revenue Fund, as directed by Senate Bill 22-1340. In addition, $290 million was transferred to the State Education Fund as directed by Senate Bill 22-202.

Transfers from Other Governmental Funds to the General Fund totaled $460.0 million. The largest of these transfers was $152.5 million of investment income from the State Lands Fund, a Permanent Fund. An additional $83.3 million was transferred from the Resource Extraction Fund.

General Fund transfers to Higher Education Institutions totaled $404.1 million. The majority of these transfers, $206.9 million, were for student financial aid.

There were $399.7 million of transfers from Other Governmental Funds to the Highway Users Tax Fund. This primarily consists of $392.1 million of Rural Colorado Certificates of Participation withdrawals from the Capital Construction Fund to the Highways Fund.

$328.8 million is reported as transfers from Other Governmental Funds to Other Governmental Funds. This amount is comprised primarily of $174.3 million of tobacco tax transfers from the 2020 Tax Holding Fund, an Other Special Revenue Fund, to the State Education 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 2022, the following pledges were in place:

The Department of Transportation Statewide Bridge Enterprise pledged $107.2 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 $489.8 of the pledge commitment remains outstanding.

The Department of Transportation High-Performance Transportation Enterprise pledged $12.1 million (gross) of C-470 Express Lanes Senior Revenue Bonds to meet the current year interest payments on debt issued for the cost of designing, engineering, developing and constructing an Express Lanes project on a portion of C-470, widening and replacing adjacent general purpose lanes and rehabilitating or reconstructing related bridges. The debt was originally issued in Fiscal Year 2018 and has a final maturity date of Fiscal Year 2057. The pledged revenue represents 100 percent of the revenue stream, and $393.4 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 $3.1 billion. Individually significant Higher Education Institution pledges include:

- $1.5 billion (net) pledged by the University of Colorado to secure $134.0 million of current principal and interest on debt issued to finance the construction of enterprise facilities and to refund prior enterprise debt. The related debt was issued in Fiscal Year 2007 and has a final maturity date of Fiscal Year 2051. The pledged revenue represents approximately 76.6 percent of the revenue stream, and $2.2 billion of the pledge (principal and interest) remains outstanding.

- $671.1 million (net) pledged by Colorado State University to secure $17.3 million of current principal and interest on debt issued to finance the construction, expansion, or renovation of certain recreation, research, athletic, and academic facilities. The related debt was originally issued in Fiscal Year 2011 and has a final maturity date of Fiscal Year 2055. The pledged revenue represents 81.7 percent of the total revenue stream, and $1.7 billion of the pledge (principal and interest) remains outstanding.

- $32.1 million (net) pledged by Colorado State University Pueblo to secure $0.3 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 2013 and has a final maturity date of Fiscal Year 2044. The pledged revenue represents 75.8 percent of the total revenue stream, and $152.9 million of the pledge (principal and interest) remains outstanding.

- $49.0 million (gross) pledged by Arapahoe Community College to secure $1.3 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $34.2 million of the pledge (principal and interest) remains outstanding.

- $26.7 million (gross) pledged by Community College of Aurora. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream.

- $23.8 million (gross) pledged by Community College of Denver to secure $1.5 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $17.4 million of the pledge (principal and interest) remains outstanding.

- $75.3 million (gross) pledged by Front Range Community College to secure $1.6 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $18.4 million of the pledge (principal and interest) remains outstanding.

- $51.0 million (gross) pledged by Pikes Peak Community College to secure $0.5 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $1.4 million of the pledge (principal and interest) remains outstanding.

- $21.9 million (gross) pledged by Pueblo Community College to secure $0.7 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $11.3 million of the pledge (principal and interest) remains outstanding.

- $31.9 million (gross) pledged by Red Rocks Community College to secure $0.8 million of current principal and interest on debt. The related debt was originally issued in Fiscal Year 2013 and has a final maturity date of Fiscal Year 2048. The pledged revenue represents 100 percent of the total revenue stream, and $18.9 million of the pledge (principal and interest) remains outstanding.

- $8.1 million (net) pledged by the Auraria Higher Education Center to secure $6.8 million of current principal and interest on debt issued to finance the building of parking structures and taking advantage of savings by refinancing bonds. The debt issuances had an earliest origination date of Fiscal Year 2006 and furthest maturity date of Fiscal Year 2034. The pledged revenue represents approximately 64.7 percent of the revenue stream, and $49.7 million of the pledge (principal and interest) remains outstanding.

- $232.9 million (net) pledged by the Colorado School of Mines to secure $20.8 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 2053. The pledged revenue represents approximately 91.2 percent of the revenue stream, and $582.4 million of the pledge (principal and interest) remains outstanding.

- $126.3 million (gross) pledged by Metropolitan State University of Denver to secure $11.1 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 2047. The pledged revenue represents 100 percent of the revenue stream and $171.4 million of the pledge (principal and interest) remains outstanding.

- $97.4 million (net) pledged by Colorado Mesa University to secure $15.7 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 2053. The pledged revenue represents approximately 79.5 percent of the revenue stream and $326.9 million of the pledge (principal and interest) remains outstanding.

- $31.1 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 2014 and furthest maturity date of Fiscal Year 2046. The pledged revenue represents 46.7 percent of the revenue stream and $167.3 million of the pledge (principal and interest) remains outstanding.

- $16.7 million (net) pledged by Fort Lewis College to secure $4.3 million of current principal and interest on debt issued to finance various energy conservation improvements and refunding bonds. The related debt was originally issued in Fiscal Year 2012 and has a final maturity date of Fiscal Year 2039. The pledged revenue represents approximately 48.3 percent of the revenue stream and $57.4 million of the pledge (principal and interest) remains outstanding.

- $26.3 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 56.4 percent of the revenue stream, and $136.1 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	$ 3,867,787	$ (772,306)	$ 3,095,481	$ 129,694	$ 109,452	$ 239,146
Statewide Bridge Enterprise	107,203	-	107,203	-	17,181	17,181
High Performance Transportation Enterprise	12,092	-	12,092	-	8,090	8,090
	$ 3,987,082	$ (772,306)	$ 3,214,776	$ 129,694	$ 134,723	$ 264,417

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 amounts that are available for expenditure reported by the State's institutions of higher education totaled $25.1 million.

The University of Colorado reported net appreciation on endowment investments of $21.7 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 $1.7 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 fair value of the endowment investments.

Colorado State University reported net appreciation on endowment investments of $1.7 million. The University reported the related net position in Restricted for Permanent Funds and Endowments – Expendable on the Statement of Net Position – Proprietary Funds. The University spends its investment income as authorized by the University's President.

NOTE 18 – RELATED PARTIES

RELATED ORGANIZATIONS

The following related organizations, for which the State appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14, as amended by GASB Statements No. 39 and 61:

- Colorado Agricultural Development Authority
- Colorado Beef Council Authority
- Colorado Educational and Cultural Facilities Authority
- Colorado Health Benefit Exchange
- Colorado Health Facilities Authority
- Colorado Housing and Finance Authority
- Colorado New Energy Improvement District
- Colorado Sheep and Wool Authority
- Middle-Income Housing 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 Colorado Housing & Finance Authority (CHFA) provides administrative services while serving as a fiscal agent for small business programs to provide relief to business that are affected by COVID-19, helps businesses that typically struggle to get access to a bank loan, and programs that promote energy efficiency and renewable energy in Colorado. The State paid a total of $12.7 million to CHFA for the administration of these programs during Fiscal Year 2023.

The University of Colorado Health (UCH) 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 UCH. 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 UCH to support the University's educational mission. During Fiscal Year 2023, UCH paid the University $92.6 million, and the University paid UCH $11.7 million. At June 30, 2023, the University had accounts receivable from UCH of $4.4 million.

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 2023, the Board awarded $79.8 million to the Division of Parks and Wildlife at the Department of Natural Resources. At June 30, 2023, the amount the Division spent on GOCO grants was $38.7 million, and GOCO owed the Department of Natural Resources $12.4 million. Additionally, the GOCO Trust Fund is reported as a fiduciary fund in the State's financial statements. The Department of Treasury recorded deposits of $89.0 million and disbursements of $77.7 million in the GOCO Trust Fund, and the Trust Fund had an ending cash balance of $95.9 million as of June 30, 2023.

The Colorado Health Benefit Exchange, operating as Connect for Health Colorado, operates the State's health insurance marketplace. During Fiscal Year 2023, the Colorado Health Benefit Exchange received $12.2 million in payments from the State for eligibility determinations and system changes.

The Colorado Beef Council Authority oversees the sale of cattle in Colorado and imported beef and beef products. Statute requires the Brand Board within the Department of Agriculture to collect a fee up to $1 on each head of cattle inspected and remit it to the Colorado Beef Council Authority. In return for collecting and administering the fee, 3 percent is paid back to the Brand Board. During Fiscal Year 2023, the Brand Board paid $3.2 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

The State does not have any significant commitments at June 30, 2023.

SERVICE CONCESSION ARRANGEMENTS

The financial close of the 50 year concession agreement between HPTE and Plenary was completed on February 24, 2014. The concession agreement transferred the operations and revenues from the existing I-25 HOT lanes on March 7, 2014. Plenary financed, designed, and constructed Phase II of the U.S. 36 project and assumed the liability of the $54 million TIFIA loan. Phase I of the U.S. 36 project is not part of the concession agreement, which was placed into service on July 22, 2015. Phase II of the U.S.36 project was placed into service on March 31, 2016.

On March 7, 2014 HPTE granted Plenary the right to toll the existing I-25 HOT lanes and to also toll U.S.36. Plenary also has the right to raise toll rates with permission from the HPTE Board of Directors. If the HPTE Board of Directors denies Plenary's request to raise the toll rates, HPTE must compensate Plenary for the lost toll revenue. The TIFIA liability of $54 million and concession revenue will be amortized over the 50 year life of the agreement. Additionally, the Phase II asset ($88 million) was booked in FY16 per GASB 60, which will also be amortized over the life of the 50 year agreement. Phase I of the U.S.36 project was placed into service on July 22, 2015. On this date, Plenary assumed the responsibility of the $54 million TIFIA loan.

HPTE reported deferred inflow of resources related to the arrangement of $122.0 million, which is included on the Statement of Net Position. The table below shows the carrying amount of HPTE’s capital assets at fiscal year-end pursuant to the concession arrangement.

Project	Description		Carrying Amount
U.S. 36 Phase II	Tolling Equipment and Software	$	-
U.S. 36 Phase II	Managed Lanes		87,097,828
U.S. 36 Phase II	36 Tolling Stations		42,138

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 $63.3 million, $171.9 million, and $1.9 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, 2023, $11.2 billion of the school district bond is outstanding and no liability has been recorded, as the school districts have been deemed capable of meeting the debt service payments.

CONTINGENCIES

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

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.

The Department of Health Care Policy & Financing may be responsible for repaying the Centers for Medicare and Medicaid Services approximately $5.5 million for Home and Community Services authorized by Case Management Agencies. The unallowable costs are due to the Department inappropriately claiming a financial match for services authorized at a higher level than the member's assessed need.

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 $30.5 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.

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

A lawsuit filed against the Colorado Department of Transportation (CDOT) arises from the design and construction of approximately one mile of I-25 between City Center Drive and Santa Fe Drive in Pueblo, CO. The plaintiff is claiming that CDOT forced the plaintiff to accelerate construction, and claims that it is entitled to an additional $7.5 million in payments from CDOT due to purported scheduling changes allegedly caused by CDOT. CDOT and its' counsel at the Attorney General's office are vigorously defending this lawsuit.

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.

- The Affordable Housing Credit was created under Section 39-22-2102 C.R.S., which is an insurance premiums tax credit allowed by this Section to address the shortage of affordable housing in the state, and increase access to affordable housing by encouraging developers to (1) build units specifically restricted for residents with incomes below the area median income, and (2) encourage private sector investment into the development and preservation of affordable housing. The Colorado Housing and Finance Authority (the Authority) may allocate a credit to an owner of a qualified development by issuing to the owner an allocation certificate. The Authority may determine the time at which such allocation certificate is issued. The credit shall be in an amount determined by the Authority, subject to program guidelines.

  The allocated credit amount may be taken against the taxes imposed by this article for each taxable year of the credit period. Any amount of credit that exceeds the tax due for a taxable year may be carried forward as a tax credit against subsequent years' income tax liability up to eleven tax years following the tax year in which the allocation was made and must be applied first to the earliest years possible. Any amount of the credit that is not used shall not be refunded to the taxpayer. Any taxpayer who is subject to the tax on insurance premiums established by Sections 10-3-209, 10-5-111, and 10-6-128 C.R.S., and who is therefore exempt from the payment of income tax and who is otherwise eligible to claim a credit may claim such credit and carry such credit forward against such insurance premium tax on its calendar quarter estimated tax payments made in accordance with Section 10-3-209 C.R.S. to the same extent as the taxpayer would have been able to claim or carry forward such credit or refund against income tax. All other provisions with respect to the credit, including the amount, allocation, and recapture of the credit and the years for which the credit may be claimed shall apply to a credit claimed pursuant to Section 39-22-2102(1) C.R.S.

As of the last day of any taxable year during the compliance period, if the amount of the qualified basis of a qualified development with respect to a taxpayer is less than the amount of the qualified basis as of the last day of the prior taxable year, then the amount of the taxpayer's state income tax liability for that taxable year shall be increased by the credit recapture amount. The credit recapture amount is an amount equal to the aggregate decrease in the credit allowed to the taxpayer for all prior taxable years that would have resulted if the accelerated portion of the credit allowable by reason were not allowed for all prior taxable years with respect to the reduced amount of qualified basis described in subsection (1) Section 39-22-2103 C.R.S.

Information relevant to disclosure of these tax abatement programs for the fiscal year ended June 30, 2023 is as follows:

Tax Abatement Program	Amount of Taxes Abated (in thousands)
Colorado Enterprise Zone Business Tax Credits	$ 77,752.4
Colorado Enterprise Zone Contribution Tax Credits	14,274.5
Job Growth Incentive Tax Credits	36,037.7
Affordable Housing Tax Credit	14,559.7
Regional Tourism Act	22,199.7
Total	$164,824.0

NOTE 21 – SUBSEQUENT EVENTS

DEBT ISSUANCES AND BORROWINGS

On July 20, 2023, the State issued Education Loan Program Tax and Revenue Anticipation Notes (ETRAN), Series 2023A. The notes mature on June 28, 2024. The total due on that date includes $500 million in principal and $23,472,222 in interest. By statute, interest on the notes is payable from the General Fund. The ETRAN was issued with a premium of $7,726,000, an average coupon rate of 5.00%, and a yield of 3.28%.

Interstate 25 North TIFIA Loan Facility:
In August 2020, the Colorado Department of Transportation (CDOT) began working with the Build America Bureau (BAB) Transportation Infrastructure Finance Innovation Act (TIFIA) program to secure toll revenue backed financing for the I-25 Segment 7 and 8 project. The TIFIA loan facility will rely on pledge revenues generated from express lanes on Segments 2 and 3, which are open and operational. Preliminary financial analysis indicates that revenues from both segment would be more than sufficient to support a TIFIA loan facility far exceeding standard debt service coverage ratios. The final amount to be financed is up to $501 million at an interest rate of two percent. CDOT closed on the TIFIA loan facility on August 3, 2023.

Institutions of Higher Education

The Community College System series 2023 Systemwide Revenue Bonds for $17,120,000 were issued on July 14, 2023. Interest is payable semiannually on May 1 and November 1. Final maturity of the bonds is November 1, 2037. The 2023 principal will be used for the purposes of financing the acquisition, construction and equipping of a STEM academic facility to the Community College of Aurora's CentreTech Campus and any other improvements to the CentreTech campus. The Board has adopted a resolution statement that it will not participate in the State Intercept Program for the 2023 bonds.

On July 18, 2023, the University of Colorado completed a tender process of $134.8 million and issued Series 2023A Tax-Exempt Enterprise Refunding Revenue Bonds for $117.4 million to fund the purchase of the qualified tenders. The bonds that were tendered included portions of Series 2015C, 2016A, 2017A1, 2017A2, 2018B, 2019A, 2019A2, 2019B, 2020B2, 2021C1, & 2021B. The simultaneous tender-refunding closed on August 1, 2023. Interest rates of the 2023A bonds are between 4.00% and 5.00%. The first interest payment is December 1, 2023, and the final maturity is June 1, 2048.

On August 4, 2023, the Board of Governors of the Colorado State University System approved the First Amendment to the Twelfth Supplemental Resolution increasing Commercial Paper draws to a maximum of $150 million from $50 million. On August 4, 2023, the Board of Governors of the Colorado State University System approved the Sixth Amendment to the Fifteenth Supplemental Resolution increasing the refunding of any Commercial paper to $150 million from $75 million. On August 4, 2023, the Board of Governors of the Colorado State University System approved the Twenty Fourth Supplemental Resolution authorizing the sale of 2023A Bonds in one or more series in an aggregate principal amount not to exceed $260 million for new improvement projects and $70 million for refunding projects including the costs associated with the issuance of the 2023A Bonds.

Required Supplementary Information

Basic Financial Statements 2023

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - APPROPRIATED GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 2023

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 4,297,538	
Income Taxes			7,646,958	
Other Taxes			455,589	
Federal Grants and Contracts			159	
Sales and Services			870	
Interest Earnings			177,413	
Other Revenues			36,083	
Transfers-In			79,553	
TOTAL REVENUES AND TRANSFERS-IN			12,694,163	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 14,763	$ 17,209	$ 17,052	$ 157
Corrections	899,838	922,495	911,854	10,641
Education	4,500,296	4,501,259	4,494,837	6,422
Governor	57,025	57,299	56,428	871
Health Care Policy and Financing	4,084,846	3,642,494	3,607,112	35,382
Higher Education	1,362,604	1,365,005	1,360,831	4,174
Human Services	1,060,374	1,098,905	1,082,909	15,996
Judicial Branch	668,834	670,252	657,516	12,736
Labor and Employment	31,963	25,953	21,728	4,225
Law	20,624	20,758	20,414	344
Legislative Branch	66,740	66,750	66,719	31
Local Affairs	50,652	51,612	47,247	4,365
Military and Veterans Affairs	12,654	12,660	12,044	616
Natural Resources	38,689	39,073	37,502	1,571
Early Childhood	112,404	119,014	113,531	5,483
Personnel & Administration	27,058	27,263	23,951	3,312
Public Health and Environment	203,418	194,633	186,769	7,864
Public Safety	241,688	224,830	212,240	12,590
Regulatory Agencies	3,016	3,716	3,696	20
Revenue	102,233	103,971	99,021	4,950
State	1,152	1,152	1,081	71
Treasury	318,607	318,621	315,571	3,050
SUB-TOTAL OPERATING BUDGETS	13,879,478	13,484,924	13,350,053	134,871
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	$ 2,677	$ 5,208	$ 2,519	$ 2,689
Corrections	72,498	25,485	7,277	18,208
Education	5,670	4,955	706	4,249
Governor	15,104	67,422	23,248	44,174
Health Care Policy and Financing	6,044	6,588	412	6,176
Higher Education	152,156	201,279	71,892	129,387
Human Services	25,836	41,334	11,079	30,255
Judicial Branch	-	4,111	54	4,057
Labor and Employment	-	5,250	702	4,548
Local Affairs	3,534	1,303	191	1,112
Military and Veterans Affairs	2,053	6,592	336	6,256
Natural Resources	-	16,863	6,276	10,587
Early Childhood	-	3,459	3,075	384
Personnel & Administration	25,450	21,892	9,013	12,879
Public Health and Environment	2,763	6,209	514	5,695
Public Safety	4,067	3,969	3,549	420
Revenue	1,000	-	-	-
State	-	1,610	-	1,610
Transportation	500	1,300	500	800
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	319,352	424,829	141,343	283,486
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 14,198,830	$ 13,909,753	$ 13,491,396	$ 418,357
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (797,233)	

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, 2023

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 6,779	
Income Taxes			1,066,400	
Other Taxes			125,824	
Tuition and Fees			2,793,760	
Sales and Services			1,880,888	
Interest Earnings			98,666	
Health Care Provider Fees			270	
Other Revenues			935,408	
Transfers-In			2,542,750	
Capital Contributions			713	
TOTAL REVENUES AND TRANSFERS-IN			9,451,458	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 43,349	$ 54,714	$ 48,105	$ 6,609
Corrections	68,205	67,972	34,153	33,819
Education	1,612,902	1,537,050	1,454,655	82,395
Governor	362,121	360,026	322,626	37,400
Health Care Policy and Financing	1,879,639	1,841,992	1,808,756	33,236
Higher Education	3,564,634	3,572,766	2,856,038	716,728
Human Services	358,064	356,101	292,812	63,289
Judicial Branch	188,272	185,634	145,543	40,091
Labor and Employment	107,990	88,657	73,157	15,500
Law	86,895	87,241	79,997	7,244
Legislative Branch	1,625	1,625	1,514	111
Local Affairs	169,003	177,147	97,400	79,747
Military and Veterans Affairs	3,684	3,684	3,054	630
Natural Resources	382,443	401,086	270,113	130,973
Early Childhood	42,360	42,591	26,992	15,599
Personnel & Administration	141,212	146,210	134,626	11,584
Public Health and Environment	296,684	295,899	204,976	90,923
Public Safety	289,762	291,356	268,458	22,898
Regulatory Agencies	115,424	114,044	103,235	10,809
Revenue	285,980	286,532	241,696	44,836
State	30,876	31,368	28,990	2,378
Transportation	169,588	287,034	58,520	228,514
Treasury	55,732	55,794	54,789	1,005
SUB-TOTAL OPERATING BUDGETS	10,256,444	10,286,523	8,610,205	1,676,318
Capital and Multi-Year Budgets:				
Departmental:				
Governor	-	503	144	359
Higher Education	42,014	136,786	34,308	102,478
Human Services	-	4,881	2,467	2,414
Labor and Employment	1,689	28,414	13,939	14,475
Military and Veterans Affairs	1,800	5,700	-	5,700
Natural Resources	115,722	214,590	25,728	188,862
Personnel & Administration	14,760	49,191	5,052	44,139
Public Health and Environment	4,531	4,825	1,497	3,328
Public Safety	-	1,538	1,371	167
Transportation	-	1,900	-	1,900
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	180,516	448,328	84,506	363,822
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 10,436,960	$ 10,734,851	$ 8,694,711	2,040,140
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 756,747	

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, 2023

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 8,834,301	
TOTAL REVENUES AND TRANSFERS-IN			8,834,301	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Health Care Policy and Financing	$ 7,777,037	$ 8,574,688	$ 8,361,065	$ 213,623
Human Services	217,598	225,792	218,661	7,131
Labor and Employment	14,330	14,330	14,279	51
Early Childhood	291,587	285,644	203,769	81,875
Personnel & Administration	-	221	192	29
Public Health and Environment	19,749	19,511	13,509	6,002
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	8,320,301	9,120,186	8,811,475	308,711
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 8,320,301	$ 9,120,186	$ 8,811,475	$ 308,711
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 22,826	

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, 2023

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUNDS			
	GENERAL	FEDERAL SPECIAL REVENUE FUND	HIGHWAY USERS TAX	OTHER GOVERNMENTAL FUNDS
BUDGETARY BASIS:				
Revenues and Transfers-In Appropriated (Required Supplementary Information):				
General	$ 12,667,433	$ -	$ -	$ 26,731
Cash	1,359,391	-	324,486	2,905,436
Federal	5,097,773	192	-	5,270
Sub-Total Revenues and Transfers-In Appropriated	19,124,597	192	324,486	2,937,437
Revenues and Transfers-In Non-Appropriated (Supplementary Information):				
General	1,707,393	-	-	-
Cash	6,236,702	28,262	2,231,451	5,277,032
Federal	5,463,502	497,852	722,976	482,561
Sub-Total Revenues and Transfers-In Non-Appropriated	13,407,597	526,114	2,954,427	5,759,593
Total Revenues and Transfers-In Appropriated and Non-Appropriated	32,532,194	526,306	3,278,913	8,697,030
Expenditures/Expenses and Transfers-Out Appropriated (Required Supplementary Information):				
General Funded	13,348,994	-	-	142,402
Cash Funded	1,079,762	-	317,697	2,394,769
Federally Funded	5,080,100	192	-	-
Expenditures/Expenses and Transfers-Out Appropriated	19,508,856	192	317,697	2,537,171
Expenditures/Expenses and Transfers-Out Non-Appropriated(Supplementary Information):				
General Funded	1,650,692	-	-	88
Cash Funded	5,710,326	3,017	2,378,490	3,509,120
Federally Funded	5,532,466	517,616	680,575	386,542
Expenditures/Expenses and Transfers-Out Non-Appropriated	12,893,484	520,633	3,059,065	3,895,750
Expenditures/Expenses and Transfers-Out Appropriated and Non-Appropriated	32,402,340	520,825	3,376,762	6,432,921
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Appropriated	(384,259)	-	6,789	400,266
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis - Non-Appropriated	514,113	5,481	(104,638)	1,863,843
BUDGETARY BASIS ADJUSTMENTS:				
Increase/(Decrease) for Unrealized Gains/Losses	(223,238)	101,574	(6,723)	(104,818)
Increase/(Decrease) for GAAP Expenditures Not Budgeted	594,780	13,564	730,123	1,450,065
Increase/(Decrease) for GAAP Revenue Adjustments	(1,619,749)	(9,275)	(742,475)	(2,101,596)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	(1,118,353)	111,344	(116,924)	1,507,760
GAAP BASIS FUND BALANCES/NET POSITION:				
FUND BALANCE/NET POSITION, FISCAL YEAR BEGINNING	4,202,275	(122,266)	708,316	8,671,096
Prior Period Adjustments (See Note 15A)	17,002	-	-	(1,067)
Accounting Changes (See Note 15B)	-	-	-	-
NET POSITION - FISCAL YEAR BEGINNING (RESTATED)	4,219,277	(122,266)	708,316	8,670,029
FUND BALANCE/NET POSITION, FISCAL YEAR END	$ 3,100,924	$ (10,922)	$ 591,392	$ 10,177,789

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**
$ -	$ -	$ -	$ -	$ -	$ -	$ 12,694,164	$ -
2,822,419	9,449	14,228	1,204,332	303,961	505,006	9,448,708	2,750
-	-	-	3,731,066	-	-	8,834,301	-
2,822,419	9,449	14,228	4,935,398	303,961	505,006	30,977,173	2,750
-	-	-	-	-	-	1,707,393	-
836,844	(487,636)	821,366	8,078	1,414,362	30,181	16,396,642	6,081,713
6,547	18,476	121,668	176,100	450,532	-	7,940,214	-
843,391	(469,160)	943,034	184,178	1,864,894	30,181	26,044,249	6,081,713
3,665,810	(459,711)	957,262	5,119,576	2,168,855	535,187	57,021,422	6,084,463
-	-	-	-	-	-	13,491,396	-
2,793,214	92	18,148	1,236,062	389,935	462,312	8,691,991	2,720
-	-	-	3,731,183	-	-	8,811,475	-
2,793,214	92	18,148	4,967,245	389,935	462,312	30,994,862	2,720
-	-	-	-	-	-	1,650,780	-
454,420	80,160	328,974	7,837	1,157,092	50,920	13,680,356	5,116,384
25,277	-	96,590	176,101	474,017	-	7,889,184	-
479,697	80,160	425,564	183,938	1,631,109	50,920	23,220,320	5,116,384
3,272,911	80,252	443,712	5,151,183	2,021,044	513,232	54,215,182	5,119,104
29,205	9,357	(3,920)	(31,847)	(85,974)	42,694	(17,689)	30
363,694	(549,320)	517,470	240	233,785	(20,739)	2,823,929	965,329
(46)	(3,099)	(18)	689	(18,211)	(1,368)	(255,258)	(6,307)
42,835	(29,397)	(44,296)	3,856	168,095	(24,986)	2,904,639	(395,696)
(12,806)	(151)	(60)	(4,253)	(146,831)	4,410	(4,632,786)	397,491
52,072	-	-	-	-	-	52,072	-
474,954	(572,610)	469,176	(31,315)	150,864	11	874,907	960,847
5,776,858	1,436,506	(617,632)	175,307	1,044,806	(303,322)	20,971,944	11,489,450
-	-	-	-	-	-	15,935	-
2,201	-	-	-		-	2,201	-
5,779,059	1,436,506	(617,632)	175,307	1,044,806	(303,322)	20,990,080	11,489,450
$ 6,254,013	$ 863,896	$ (148,456)	$ 143,992	$ 1,195,670	$ (303,311)	21,864,987	$ 12,450,294

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 - Encumbrances. 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 Annual Comprehensive 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 – Public Employees Retirement Association (PERA) Trust Funds:

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 2018 for the Denver Public Schools, Schools, and State and Judicial NCE Divisions.

State Division

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	95.45%	95.53%	95.60%	95.49%	95.40%	95.37%	95.49%	95.71%	95.85%	95.86%
State's proportionate share of Net Pension liability	$10,377,874	$ 7,045,081	$ 9,066,999	$ 9,265,778	$ 10,855,754	$19,091,149	$17,539,728	$10,079,252	$ 9,016,144	$ 8,539,181
State's covered payroll	$ 4,370,871	$ 3,362,986	$ 3,132,159	$ 3,376,294	$ 3,262,962	$ 2,796,014	$ 2,751,094	$ 2,687,152	$ 2,586,800	$ 2,570,286
State's proportionate share of the net pension liability as a percentage of its covered payroll	237.43%	209.49%	289.48%	274.44%	332.70%	682.80%	637.55%	375.09%	348.54%	332.23%
Plan fiduciary net position as a percentage of the total pension liability	60.63%	73.05%	65.34%	62.24%	55.11%	43.20%	42.59%	56.11%	59.84%	61.00%

Judicial Division

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016	CY 2015	CY 2014	CY 2013
State's proportion of the net pension liability	93.10%	92.75%	93.49%	94.28%	94.06%	93.99%	94.17%	93.98%	93.60%	93.44%
State's proportionate share of Net Pension liability	$ 89,574	$ 8,507	$ 57,929	$ 85,727	$ 132,873	$ 218,136	$ 239,423	$ 172,824	$ 129,499	$ 102,756
State's covered payroll	$ 67,626	$ 59,688	$ 52,027	$ 55,934	$ 55,706	$ 46,764	$ 46,320	$ 44,159	$ 40,114	$ 37,203
State's proportionate share of the net pension liability as a percentage of its covered payroll	132.46%	14.25%	111.34%	153.27%	238.52%	466.46%	516.89%	391.37%	322.83%	276.20%
Plan fiduciary net position as a percentage of the total pension liability	80.98%	98.11%	87.06%	80.02%	68.48%	58.70%	53.19%	60.13%	66.89%	77.41%

Denver Public Schools Division

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	41.57%	22.70%	0.00%	30.71%	34.13%
State's proportionate share of Net Pension liability	$ 360,715	$ 1,355	$ -	$ 202,321	$ 349,095
Plan fiduciary net position as a percentage of the total pension liability	81.93%	99.87%	90.48%	84.73%	75.69%

Schools Division

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	22.57%	10.28%	0.00%	11.26%	12.03%
State's proportionate share of Net Pension liability	$ 4,109,876	$ 1,196,870	$ -	$ 1,681,628	$ 2,129,952
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.86%	66.99%	64.52%	57.01%

State Division as a Non-Employer Contributing Entity

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	1.00%	0.47%	0.00%	0.51%	0.55%
State's proportionate share of Net Pension liability	$ 108,726	$ 34,307	$ -	$ 49,203	$ 62,292

Judicial Division as a Non-Employer Contributing Entity

(Amounts In Thousands)	CY 2022	CY 2021	CY 2020*	CY 2019	CY 2018
State's proportion of the net pension liability	1.55%	0.88%	0.00%	0.64%	0.85%
State's proportionate share of Net Pension liability	$ 1,491	$ 81	$ -	$ 582	$ 1,199

*The General Assembly passed House Bill 20-1379 which suspended contributions for Fiscal Year 2021 due to the COVID-19 pandemic; therefore, no liability was recognized. See Note 6 for additional information.

Contributions – Public Employees Retirement Association (PERA) Trust Funds:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the State and Judicial Divisions for each fiscal year ending June 30. For the Fiscal Years 2019-2022, State and Judicial Trust Divisions, figures reported for the contributions as a percentage of covered payroll differs from the actual employer contribution rate specified in statute due to additional contractually required contributions directly distributed to PERA in accordance with Senate Bill 18-200. In addition, the State made statutorily required non-employer contributions for Fiscal Years 2019-2023 to the State and Judicial Trust Divisions not reflected in the table below (see Note 6 for additional information).

State & Judicial Division

(Amounts In Thousands)

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Contractually required contributions	$ 921,651	$ 719,951	$ 634,454	$ 685,396	$ 649,516	$ 549,049	$ 524,478	$ 492,159	$ 453,406	$ 419,912
Contributions in relation to the contractually required contributions	(921,651)	(719,951)	(634,454)	(685,396)	(649,516)	(549,049)	(524,478)	(492,159)	(453,406)	(419,912)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	4,484,408	3,616,423	3,196,583	3,513,083	3,377,180	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458
Contributions as a percentage of covered payroll	20.55%	19.91%	19.85%	19.51%	19.23%	19.08%	18.64%	17.76%	16.87%	15.98%

State Division

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Contractually required contributions	905,777	709,639	625,966	673,795	639,485	541,295	516,932	484,588	$ 446,528	$ 413,694
Contributions in relation to the contractually required contributions	(905,777)	(709,639)	(625,966)	(673,795)	(639,485)	(541,295)	(516,932)	(484,588)	(446,528)	(413,694)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	4,416,576	3,556,253	3,144,787	3,455,535	3,320,884	2,829,559	2,767,479	2,725,417	2,645,149	2,590,401
Contributions as a percentage of covered payroll	20.51%	19.95%	19.90%	19.50%	19.26%	19.13%	18.68%	17.78%	16.88%	15.97%

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

Denver Public Schools Division

	FY 2023	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	52,784	19,153	-	$ 19,201	$ 18,622
Contributions in relation to the contractually required contributions	(52,784)	(19,153)	-	(19,201)	(18,622)
Contribution deficiency(excess)		-	-	-	

Schools Division

	FY 2023	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	350,393	127,781	-	$ 127,367	$ 126,505
Contributions in relation to the contractually required contributions	(350,393)	(127,781)	-	(127,367)	(126,505)
Contribution deficiency(excess)	-	-	-	-	

State Division as a Non-Employer Contributing Entity

	FY 2023	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	9,030	$ 3,432	-	$ 3,480	$ 3,607
Contributions in relation to the contractually required contributions	(9,030)	(3,432)	-	(3,480)	(3,607)
Contribution deficiency(excess)	-	-	-	-	

Judicial Division as a Non-Employer Contributing Entity

	FY 2023	FY 2022	FY 2021*	FY 2020	FY 2019
Contractually required contributions	247	$ 99	-	$ 77	$ 82
Contributions in relation to the contractually required contributions	(247)	(99)	-	(77)	(82)
Contribution deficiency(excess)	-	-	-	-	

*The General Assembly passed House Bill 20-1379 which suspended contributions for Fiscal Year 2021 due to the COVID-19 pandemic;

therefore, no liability was recognized. See Note 6 for additional information.

Changes in Total Pension Liability and Related Ratios – University of Colorado Alternate Medicare Payments Plan:

The following schedule presents a six-year history (data not available prior to Fiscal Year 2017) of the University of Colorado's changes in total pension liability and related ratios for the Alternate Medicare Payments pension plan for each fiscal year ending June 30. No assets are held in trust to pay for plan benefits; therefore, the plan is not funded.

UNIVERSITY OF COLORADO SCHEDULE OF CHANGES IN ALTERNATE MEDICARE PAYMENT'S (AMP) TOTAL PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year Ending June 30:						
University of Colorado AMP Pension Plan (Amounts in Thousands)	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Service cost	$ 7,551	7,048	4,854	4,360	3,985	4,262	3,194
Interest on total pension liability	2,821	2,771	3,295	3,339	2,751	2,231	2,391
Differences between expected and actual experience	(420)	(5,842)	(124)	(3,865)	(109)	(3,377)	(101)
Changes of assumptions	(28,775)	2,700	23,408	4,845	4,940	(3,180)	10,999
Benefit payments	(2,029)	(1,819)	(1,828)	(1,692)	(1,566)	(1,448)	(1,349)
Net change in total pension liability	(20,852)	4,858	29,605	6,987	10,001	(1,512)	15,134
Total pension liability (beginning)	124,662	119,804	90,199	83,212	73,211	74,723	59,589
Total pension liability (ending)	103,810	124,662	119,804	90,199	83,212	73,211	74,723
Covered-employee payroll	$ 1,744,237	1,583,766	1,692,641	1,436,909	1,369,276	1,187,065	943,644
Total Pension liability as a % of payroll	5.95%	7.87%	7.08%	6.28%	6.08%	6.17%	7.92%

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

PERA State and Judicial Trust Funds

Changes in assumptions or other inputs affecting trends in actuarial information for the PERA State and Judicial Trust Funds are presented on a calendar year basis, which is based on the actuarial valuation measurement date of December 31.

2022 Changes in Assumptions or Other Inputs Since 2021

- There were no changes made to the actuarial methods or assumptions.

2021 Changes in Assumptions or Other Inputs Since 2020

- The assumption used to value the automatic increase cap benefit provision was changed from 1.25 percent to 1.00 percent.

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Salary scale assumptions were revised to align with the revised economic assumptions and to more closely reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for State Troopers was changes to the PubS-2010 Employee Table with generational projection using scale MP-2019.

- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

  - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

  - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:

  - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

  - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

2019 Changes in Assumptions or Other Inputs Since 2018

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

2018 Changes in Assumptions or Other Inputs Since 2017

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

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

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

2017 Changes in Assumptions or Other Inputs Since 2016

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

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

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

<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.

2014 Changes in Assumptions or Other Inputs Since 2013

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

2013 Changes in Assumptions or Other Inputs Since 2012

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

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

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

University of Colorado Alternate Medicare Payments Plan

Changes in assumptions or other inputs affecting trends in actuarial information for the University of Colorado Alternate Medicare Payments pension plan are presented on a fiscal year basis, which is based on the actuarial valuation measurement date of June 30.

2022 Changes in Assumptions or Other Inputs Since 2021

- Discount rate changed from 2.15 percent to 3.54 percent.

2021 Changes in Assumptions or Other Inputs Since 2020

- Discount rate changed from 2.20 percent to 2.15 percent.

- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale PM-2020 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2021.

- Termination rates and salary scale were updated from the December 31, 2015 Colorado PERA assumption study to the December 31, 2019 Colorado PERA assumption study.

2020 Changes in Assumptions or Other Inputs Since 2019

- Discount rate changed from 3.50 percent to 2.20 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2019 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

2019 Changes in Assumptions or Other Inputs Since 2018

- Discount rate changed from 3.85 percent to 3.50 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2018 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2019.

<u>2018 Changes in Assumptions or Other Inputs Since 2017</u>

- Discount rate changed from 3.60 percent to 3.85 percent.

- Mortality table was updated to reflect the Public Retirement Plans Mortality Tables Report issued by the Society of Actuaries in January 2019. The specific assumption used the PUB- 2010 Teachers Classification Table with generational projection using Scale MP-2018. The impact of this change was an increase in Total Pension Liability of about 10 percent.

<u>2017 Changes in Assumptions or Other Inputs Since 2016</u>

- Discount rate changed from 2.85 percent to 3.60 percent.

- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females.
- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females.

- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:

    - Mortality rates

    - Withdrawal rates

<u>2016 Changes in Assumptions or Other Inputs</u>

- A decrease in the discount rate from 3.85 percent to 2.85 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 2022	CY 2021	CY 2020	CY 2019	CY 2018	CY 2017	CY 2016
State's proportion (percentage) of the collective net OPEB liability	31.56%	32.11%	32.96%	32.75%	33.40%	33.71%	33.83%
State's proportionate share of the collective net OPEB liability	$ 257,641	$ 276,863	$ 313,213	$ 368,098	$ 454,363	$ 438,113	$ 438,677
State's covered payroll	$ 3,348,192	$ 2,918,834	$ 3,102,215	$ 3,023,000	$ 2,923,641	$ 2,842,778	$ 2,797,414
State's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	7.69%	9.49%	10.10%	12.18%	15.54%	15.41%	15.68%
Fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%	17.03%	17.53%	16.72%

Contributions:

The following schedule presents a ten-year history of the State's (primary government's) contribution to PERA for the HCTF as of each fiscal year ending June 30:

(Amounts In Thousands)	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Contractually required contributions	$ 34,347	$ 31,592	$ 31,408	$ 31,659	$ 30,171	$ 29,346	$ 28,699	$ 28,272	$ 27,410	$ 26,810
Contributions in relation to the contractually required contributions	(34,347)	(31,592)	(31,408)	(31,659)	(30,171)	(29,346)	(28,699)	(28,272)	(27,410)	(26,810)
Contribution deficiency(excess)	-	-	-	-	-	-	-	-	-	-
State's covered payroll	3,367,405	3,097,234	3,079,159	3,103,809	2,957,937	2,877,013	2,813,660	2,771,749	2,687,237	2,628,458
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 LIABILITIES AND RELATED RATIOS – UNIVERSITY OF COLORADO SYSTEM

The following schedule presents a five-year history (data not available prior to Fiscal Year 2018) of the University of Colorado's changes in total OPEB liabilities and related ratios for each fiscal year ending June 30. No assets are held in trust to pay for plan benefits; therefore, the plan is not funded.

SCHEDULE OF CHANGES IN TOTAL UNIVERSITY OPEB LIABILITY AND RELATED RATIOS

	Fiscal Year Ending June 30:					
University OPEB Plan (Amounts in Thousands)	2023	2022	2021	2020	2019	2018
Service cost	$ 111,208	68,640	49,138	53,400	49,754	53,099
Interest cost	29,892	22,068	26,392	34,254	28,404	24,648
Differences between expected and actual experience	(4,126)	201,889	287	(206,938)	(1,728)	(87,654)
Changes of assumptions	(288,497)	67,418	168,948	3,678	35,919	(46,406)
Benefit payments	(16,226)	(14,407)	(16,062)	(15,461)	(15,163)	(17,211)
Net change in total OPEB liability	(167,749)	345,608	228,703	(131,067)	97,186	(73,524)
Total OPEB liability (beginning)	1,287,203	941,595	712,892	843,959	746,773	820,297
Total OPEB liability (ending)	1,119,454	1,287,203	941,595	712,892	843,959	746,773
Covered-employee payroll	$ 2,100,077	1,896,938	2,053,724	1,719,840	1,663,010	1,475,177
Total OPEB liability as a % of payroll	53.31%	67.86%	45.85%	41.45%	50.75%	50.62%

C. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY, SCHEDULE OF OPEB CONTRIBUTIONS, AND RELATED RATIOS – COLORADO STATE UNIVERSITY SYSTEM OTHER POSTEMPLOYMENT BENEFIT HEALTH PLAN TRUST

The amounts presented were determined as of the measurement date, which is the calendar year (CY) end that occurred within CSU's fiscal year.

		CY2022
Total OPEB liability:		
Service cost	$	1,364
Interest		2,265
Changes of benefit terms		70,682
Differences between expected and actual experience		(405)
Changes of assumptions		(14,035)
Benefit payments		(1,944)
Net change in total OPEB liability		57,927
Total OPEB liability - beginning		52,893
Total OPEB liability - ending (a)	**$**	**110,820**
Plan fiduciary net position:		
Contributions-employer	$	677
Net investment income		(4,573)
Benefit payments		(1,944)
Administrative expense		(269)
Net change in plan fiduciary net position		(6,109)
Plan fiduciary net position - beginning		82,997
Plan fiduciary net position - ending (b)	**$**	**76,888**
Net OPEB asset - ending (a)-(b)	**$**	**33,932**
Plan fiduciary net position as a percentage of the total OPEB liability		69.4%
Covered-employee payroll	$	485,660
Net OPEB asset as a percentage of covered-employee payroll		7.0%

The amounts presented are the contributions and payroll for each fiscal year.

Fiscal Year End	Actuarially Determined Contributions (A)	Contributions in Relation to the Actuarially Determined Contributions (B)	Contribution Deficiency (Excess) (A-B)	Covered-Employee Payroll (C)	Contributions as a Percentage of Covered-Employee Payroll (B/C)
FY2023	$ 3,682	3,682	-	508,586	0.7%

Valuation date	The valuation dates are biennial dates as of January 1. As of fiscal year ended June 30, 2023, the valuation date was January 1, 2023.
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	30 years open
Amortization period	30 years
Asset valuation method	Market value
Inflation	2.50%
Investment rate of return	6.35%
Salary increases	N/A
Cost-of-living adjustments	N/A
Healthcare cost trend rates	6.50 percent in 2023, 6.25 percent in 2024, 5.75 percent in 2025 and then decreasing 0.25 percent per year to 4.75 percent in 2029 and later.
Mortality	Separate mortality rates for non-annuitants (based on Pri-2012 "Employees" sex-distinct tables and projected generationally using Scale MP-2021) and annuitants (based on Pri-2012 "Non-Disabled Annuitants" sex-distinct tables and projected generationally using Scale MP-2021).

D. SIGNIFICANT CHANGES IN ASSUMPTIONS OR OTHER INPUTS AFFECTING TRENDS IN ACTUARIAL INFORMATION

PERA Health Care Trust Fund

2022 Changes in Assumptions or Other Inputs Since 2021

- The timing of the retirement decrement was adjusted to middle-of-year.

2021 Changes in Assumptions or Other Inputs Since 2020

- There were no changes made to the actuarial methods or assumptions.

2020 Changes in Assumptions or Other Inputs Since 2019

- The price inflation assumption was lowered from 2.40 percent to 2.30 percent.
- The wage inflation assumption was lowered from 3.50 percent to 3.00 percent.
- The real rate of investment return assumption was increased to 4.95 percent per year, net of investment expenses from 4.85 percent per year, net of investment expenses.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The pre-retirement mortality assumption for the State Division (members other than State Troopers) was changed to the PubG-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for State Troopers was changes to the PubS-2010 Employee Table with generational projection using scale MP-2019.
- The pre-retirement mortality assumption for the Judicial Division was changed to the PubG-2010(A) Above Median Employee Table with generational projection using scale MP-2019.
- The post-retirement non-disabled mortality assumption for the State Division (Members other than State Troopers) was changed to the PubG-2010 Health Retiree Table, adjusted as follows:

    - Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

    - Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

- The post-retirement non-disabled mortality assumption for the Judicial Division was changed to the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019. The post-retirement non-disability beneficiary mortality assumption for the Division Trust Funds was changed to the Pub-2010 Contingent Survivor Table, adjusted as follows:

    - Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.

    - Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

- The disabled mortality assumption for the Division Trust Funds (Members other than State Troopers) was changed to the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

- The disability mortality assumption for State Troopers was changed to the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

- The mortality tables described above are generational mortality tables on a benefit-weighted basis.

<u>2019 Changes in Assumptions or Other Inputs Since 2018</u>

- There were no changes made to the actuarial methods or assumptions.

<u>2018 Changes in Assumptions or Other Inputs Since 2017</u>

- There were no changes made to the actuarial methods or assumptions.

<u>2017 Changes in Assumptions or Other Inputs Since 2016</u>

- There were no changes made to the actuarial methods or assumptions.

<u>2016 Changes in Assumptions or Other Inputs Since 2015</u>

- The Entry Age actuarial cost method allocation basis was changed from a level dollar amount to a level percentage of pay.

- The investment rate of return assumption decreased, the price inflation assumption decreased, and the wage inflation assumption decreased by 0.25 percent, 0.40 percent, and 0.4 percent, respectively.

- Mortality tables related to the mortality assumption for active members, post-retirement mortality assumption for healthy lives, mortality assumption for disabled retirees were changed.

- Various other assumptions related to assumed rates, wage inflation, PERACare, initial per capita health care costs, health care cost trends, election rates, assumed age differences between future retirees and their participating spouses, and utilization rates changed.

2015 Changes in Assumptions or Other Inputs Since 2014

- Methodology changes included rates of morbidity and the timing of the normal cost and unfunded actuarial accrued liability payment calculations.

- Changes to actuarial assumptions included PERACare enrollee percentages, initial per capita health care costs, and health care cost trend rates for Medicare Part A premiums.

University of Colorado OPEB

2022 Changes in Assumptions or Other Inputs Since 2021

- Discount rate changed from 2.15 percent to 3.54 percent.

2021 Changes in Assumptions or Other Inputs Since 2020

- Discount rate changed from 2.20 percent to 2.15 percent.

- Mortality table was updated from PUB-2010 "Teachers" table with generational projection using Scale PM-2020 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2021.

- Retirement rates for PERA employees, termination rates, and salary scale were updated from the December 31, 2015 Colorado PERA assumption study to the December 31, 2019 Colorado PERA assumption study.

- Claims and trend rates were updated to better reflect expected future plan experience.

2020 Changes in Assumptions or Other Inputs Since 2019

- Discount rate changed from 3.50 percent to 2.20 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2019 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2020.

2019 Changes in Assumptions or Other Inputs Since 2018

- Discount rate changed from 3.85 percent to 3.50 percent.

- Mortality table was updated from the PUB-2010 "Teachers" table with generational projection using Scale MP-2018 to the PUB-2010 "Teachers" table with generational projection using Scale MP-2019.

- Health care trend rates were updated.

- Health care claim costs and retiree contributions were updated based upon recent expenditures.

2018 Changes in Assumptions or Other Inputs Since 2017

- Discount rate changed from 3.60 percent to 3.85 percent.

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

2017 Changes in Assumptions or Other Inputs Since 2016

- Discount rate changed from 2.85 percent to 3.60 percent.
- Health care trend rates were updated.
- Spouse age differential changed from zero years for males and females to spouses two years younger for males and one year older for females.
- Spouse coverage assumption changed from 54 percent for males and 22 percent for females to 60 percent for males and 40 percent for females for PERA participants.
- The following assumptions were updated based on the December 31, 2015 Colorado PERA assumption study:
  - Mortality Rates
  - Withdrawal Rates
  - Retirement rates (apply to PERA participants only)

CSU OPEB Health Plan Trust

2022 Changes in Assumptions or Other Inputs Effective for the Measurement Period

- The discount rate assumption was updated from 4.25 percent to 5.60 percent.
- The investment return assumption was updated from 4.25 percent to 6.35 percent.
- The medical cost inflation assumption was updated from 6.00 percent through 2024 then decreasing 0.25 percent per year to 4.75 percent in 2029 and later to 6.50 percent in 2023, 6.25 percent in 2024, 5.75 percent in 2025 and then decreasing 0.25 percent per year to 4.75 percent in 2029 and later.
- The mortality improvement scale assumption was updated from Scale BB with generational projections to Scale MP-2021 with generational projections.
- Expected claim costs were updated.

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 2022 forecast is used for the original budget and the December 2022 forecast is used for the final budget. Charges to appropriations (outflows) for original and final budget are derived from budgeted expenditures recorded in the state's accounting system and agree to appropriations made by the General Assembly.

The original and final budget does not include budgeted amounts for federal grants and contracts, fees and other funding sources/uses, and revenues/expenditures not budgeted because they are currently not forecasted by the Office of State Planning and Budget. Amounts are included in the actual column because the activity is accounted for in this component of the General Fund.

Certain state laws result in budget-to-GAAP differences. Section 24-75-201(2)(a)(II), C.R.S. excludes Medicaid revenues from inflows of budgetary resources but they are revenues for financial reporting. Section 24-75-201(2)(a)(III), C.R.S. excludes Medicaid expenditures from outflows of budgetary resources but they are expenditures for financial reporting. Section 24-75-201(2)(a)(IV), C.R.S. excludes some payroll-related expenditures from outflows of budgetary resources but they are expenditures for financial reporting. Section 24-75-201(2)(a)(IV), C.R.S. excludes specific information technology expenditures from outflows of budgetary resources but they are expenditures for financial reporting purposes. Refer to the Budget-to-GAAP Reconciliation for amounts related to these statutorily-based budget-to-GAAP differences as well as for information on other budget-to-GAAP differences.

State law (Section 24-75-201.1, C.R.S.) restricts state appropriations from this component of the General Fund so that budgetary resources will be available for use in a state fiscal emergency. A state fiscal emergency may be declared by the passage of a joint resolution which is approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor. The statutory reserve for the fiscal year ended June 30, 2023 is $2.0 billion and is the Committed portion of fund balance for the General Purpose Revenue component of the General Fund. 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.

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - GENERAL PURPOSE REVENUE COMPONENT
FOR THE YEAR ENDED JUNE 30, 2023
(DOLLARS IN THOUSANDS)

	Forecasted / Budgeted Amounts		Actual Amounts	
	Original	Final	Budgetary Basis	Variance
Budgetary fund balance, July 1, 2022	$ 1,589,682	$ 1,589,682	$ 1,589,682	
Resources (Inflows):				
Sales and use tax	4,650,900	4,922,600	4,815,433	$ (107,167)
Other excise taxes	342,000	326,200	104,054	(222,146)
Individual income tax, net	10,159,460	10,060,300	6,511,051	(3,549,249)
Corporate income tax, net	979,940	815,700	2,166,610	1,350,910
Insurance tax	437,000	481,700	516,659	34,959
Pari-mutuel, courts, and other	33,700	35,100	56,911	21,811
Investment income	36,800	70,100	192,811	122,711
Transfers-in from other funds	34,700	26,083	21,899	(4,184)
Amounts available for appropriation	18,264,182	18,327,465	15,975,110	(2,352,355)
Charges to appropriations (outflows):				
Agriculture	17,480	17,209	17,052	157
Corrections	900,318	922,975	912,373	10,602
Early Childhood	120,648	119,014	113,531	5,483
Education	4,502,726	4,501,259	4,494,798	6,461
Governor	67,785	66,591	65,720	871
Health Care Policy and Financing	4,107,286	3,664,934	3,624,659	40,275
Higher Education	1,380,583	1,380,205	1,360,831	19,374
Human Services	1,074,459	1,097,847	1,081,852	15,995
Judicial Branch	669,828	670,252	657,516	12,736
Labor and Employment	31,963	25,953	21,728	4,225
Law	20,759	20,758	20,414	344
Legislative Branch	66,757	66,750	66,719	31
Local Affairs	61,667	56,302	51,553	4,749
Military and Veterans Affairs	12,654	12,660	12,044	616
Natural Resources	38,689	39,073	37,502	1,571
Personnel and Administration	28,166	28,335	24,397	3,938
Public Health and Environment	204,418	194,633	186,769	7,864
Public Safety	247,145	230,288	216,849	13,439
Regulatory Agencies	3,016	5,761	5,741	20
Revenue	222,501	460,990	420,111	40,879
State	1,423	1,152	1,081	71
Treasury	1,458,963	1,657,522	1,488,515	169,007
Nondepartmental:				
Transfers-out to capital projects fund	117,894	117,894	117,894	-
Total charges to appropriations	15,357,128	15,358,357	14,999,649	358,708
Budgetary reserves and amounts not forecasted or budgeted:				
Increase in Contingency reserve - C.R.S. 24-75-201.1	(384,900)	(384,900)	(384,900)	
Release of prior year State Controller approved rollforwards	-	-	83,302	
State Controller approved rollforwards	-	-	(81,163)	
Net of revenues not forecasted and expenditures not budgeted	-	-	(154,999)	
Total budgetary reserves and amounts not forecasted or budgeted	(384,900)	(384,900)	(537,760)	
Budgetary fund balance, June 30, 2023	$ 2,522,154	$ 2,584,208	$ 437,701	

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, 2023
(Dollars in Thousands)

Explanation of differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/inflows of resources:	
Actual amounts (budgetary basis) “available for appropriation” from the budgetary comparison schedule.	$ 15,975,110
Differences - budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year	(1,589,682)
Federal revenues not forecasted	10,547,119
Fee revenues and other funding sources not forecasted	866,705
Other revenues not forecasted	88,340
Deferred Medicaid revenues are excluded from inflows of budgetary resources but are revenues for financial reporting purposes - C.R.S. 24-75-201 (2) (a) (II).	15,565
Fair value of investments in excess of cost is excluded from inflows of budgetary resources but is revenue for financial reporting purposes.	(96,624)
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control	(720,027)
Transfers are inflows of budgetary resources but are other financing sources for financial reporting purposes.	(200,760)
Capital asset related proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(18,959)
Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$ 24,865,914
Uses/outflows of resources and reserves:	
Actual amounts (budgetary basis) “total charges to appropriations” from the budgetary comparison schedule.	14,999,649
Differences - budget to GAAP:	
Expenditures of federal grants and contracts not budgeted	10,594,660
Fee revenue and other funding uses not budgeted	816,755
Other expenditures not budgeted	245,748
Transfers to other funds are outflows of budgetary resources but are other financing uses for financial reporting purposes.	(6,656,116)
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).	38,566
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).	7,598
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).	-
Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control.	(720,027)
Total expenditures as reported on the combining statement of revenues, expenditures, and changes in fund balances - general fund components	$ 19,326,833

COLORADO

Office of the State Controller

Department of Personnel & Administration

APPENDIX D

CERTAIN STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information was prepared and provided by Development Research Partners, Inc. to give prospective investors general information concerning selected economic and demographic conditions existing in Colorado as of the dates indicated. See also "INTRODUCTION – State Economic and Demographic Information." The statistics have been obtained from the referenced sources and represent the most current information available as of June 2023 from the sources indicated; however, since certain information is released with a significant time lag, the information in some cases will not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the State or any officer or employee of or advisor to the State*. See "APPENDIX A – THE STATE GENERAL FUND – Revenue Estimation; OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB DECEMBER 2023 REVENUE FORECAST."

Overview

Colorado, the most populous state in the Rocky Mountain region, has three distinct geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open and largely devoted to agriculture. The Front Range lies along the eastern base of the Rocky Mountains and contains most of the State's metropolitan areas. The western half of the State – which includes the Rocky Mountains and the Western Slope – includes many acres of national park and forest land and significant reserves of minerals, natural gas and other resources.

The State's population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State's capital, is the economic center of the State and the Rocky Mountain region. About 56% of the State's population and 63% of its jobs are located in the Denver/Boulder metropolitan area, which is a hub for transportation, communication, financial activities and professional and business services. The aerospace, bioscience and energy industries are also key contributors to economic growth in the Denver/Boulder metropolitan area and the State as a whole.

The State's economic performance depends heavily on economic performance at the national level. See also "APPENDIX A – THE STATE GENERAL FUND – OSPB Revenue and Economic Forecasts" and "APPENDIX B – OSPB DECEMBER 2023 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
2012	5.2	1.4%	313.9	0.7%
2013	5.3	1.5%	316.1	0.7%
2014	5.3	1.5%	318.4	0.7%
2015	5.4	1.9%	320.7	0.7%
2016	5.5	1.5%	323.1	0.7%
2017	5.6	1.3%	325.1	0.6%
2018	5.7	1.4%	326.8	0.5%
2019	5.7	1.0%	328.3	0.5%
2020	5.8	0.9%	331.5	1.0%
2021	5.8	0.5%	332.0	0.2%
2022	5.9	0.7%	333.3	0.4%

Note: U.S. figures for 2012-2019 are estimates based on the 2010 Census. The U.S. figures for 2020-2022 are estimates based on the 2020 Census. The Colorado figures for 2012-2021 are estimates and the 2022 count is a forecast.

Sources: Colorado Division of Local Government, State Demography Office; U.S. Census Bureau, Population Estimates Program.

The following table provides the age distribution for the most recent year available for the State's population and the population nationwide.

Age Distribution, July 1

	Colorado, 2022		United States, 2022	
	Population (millions)	% of total	Population (millions)	% of total
Under 18	1.23	21.1%	72.45	21.7%
18 to 24	0.57	9.7%	31.33	9.4%
25 to 44	1.68	28.8%	89.20	26.8%
45 to 64	1.43	24.5%	82.52	24.8%
65+	0.94	16.0%	57.79	17.3%
Total	5.86	100.0%	333.29	100.0%
Median Age[1]	37.6		38.8	

[1] U.S. median age is from the American Community Survey, 2021 1-Year estimates.

Note: Totals may not add due to rounding. The U.S. 2022 count is an estimate, and the Colorado 2022 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
2017	$55,251	5.5%	$49,455	4.6%	$51,550	3.9%
2018	$58,453	5.8%	$52,093	5.3%	$53,786	4.3%
2019	$62,124	6.3%	$55,312	6.2%	$56,250	4.6%
2020	$65,352	5.2%	$58,623	6.0%	$59,763	6.2%
2021	$70,715	8.2%	$62,847	7.2%	$64,117	7.3%
2022	$74,167	4.9%	$65,376	4.0%	$65,423	2.0%

[1] Per capita personal income is total personal income divided by the July 1 population estimate.

[2] The Rocky Mountain Region includes Colorado, Idaho, Montana, Utah, and Wyoming.

Source: U.S. Bureau of Economic Analysis.

Employment

The following table provides labor force, total employment, and unemployment statistics for the State.

Civilian Labor Force, Total Employment, and Unemployment Rates, Not Seasonally Adjusted

	Colorado Civilian Labor Force (thousands)	% Change	Colorado Total Employment (thousands)[1]	% Change	Annual Average Unemployment Rate: Colorado	Annual Average Unemployment Rate: United States
2017	2,963.8		2,886.0		2.6%	4.4%
2018	3,054.3	3.1%	2,961.4	2.6%	3.0%	3.9%
2019	3,105.6	1.7%	3,022.8	2.1%	2.7%	3.7%
2020	3,089.0	-0.5%	2,880.2	-4.7%	6.8%	8.1%
2021	3,158.1	2.2%	2,986.2	3.7%	5.4%	5.3%
2022	3,200.6	1.3%	3,103.5	3.9%	3.0%	3.6%
Year-to-date averages through April:						
2022	3,191.0		3,075.2		3.7%	3.9%
2023	3,227.1	1.1%	3,135.4	2.0%	2.8%	3.6%

[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	2018	2019	2020	2021	2022	Most Recent Quarter: 2021Q4	Most Recent Quarter: 2022Q4	% Change
Private Sector								
Agriculture, Forestry, Fishing, and Hunting	18,131	19,743	20,067	20,134	19,046	19,536	18,107	-7.3%
Mining	28,200	28,635	21,594	19,648	20,672	20,031	21,177	5.7%
Utilities	8,030	8,168	8,307	8,466	8,723	8,500	9,019	6.1%
Construction	173,063	178,867	174,811	177,410	183,068	180,585	185,071	2.5%
Manufacturing	147,270	150,109	146,451	148,599	152,994	150,573	152,938	1.6%
Wholesale Trade	108,257	110,218	107,838	109,892	115,932	112,111	118,024	5.3%
Retail Trade	272,644	272,176	262,468	272,160	273,412	277,107	277,565	0.2%
Transportation and Warehousing	77,469	83,417	86,649	92,872	100,731	101,161	104,505	3.3%
Information	74,992	76,296	74,894	76,303	79,306	77,961	79,564	2.1%
Finance and Insurance	112,624	112,761	113,185	116,002	116,898	117,145	116,395	-0.6%
Real Estate and Rental and Leasing	52,152	54,474	52,185	54,905	56,886	57,048	57,361	0.5%
Professional and Technical Services	224,620	235,424	239,350	255,149	279,049	264,286	285,872	8.2%
Management of Companies and Enterprises	40,839	42,317	41,970	43,341	44,901	44,145	45,412	2.9%
Administrative and Waste Services	158,512	161,846	149,437	155,289	159,843	159,533	159,755	0.1%
Educational Services	36,694	37,674	34,474	36,426	39,044	38,001	40,085	5.5%
Health Care and Social Assistance	298,559	303,803	297,467	305,070	307,846	305,886	313,028	2.3%
Arts, Entertainment, and Recreation	56,848	58,975	44,406	50,296	56,769	50,722	56,210	10.8%
Accommodation and Food Services	282,491	285,929	227,884	254,892	281,186	268,707	281,313	4.7%
Other Services	82,029	84,557	77,271	81,065	85,566	83,204	86,327	3.8%
Unclassified	1,886	2,636	2,255	1,290	1,257	526	1,572	198.9%
Government	418,297	427,979	420,659	420,941	430,713	426,682	438,430	2.8%
Total*	**2,673,605**	**2,736,002**	**2,603,620**	**2,700,148**	**2,813,841**	**2,763,451**	**2,847,730**	**3.0%**

* Industry employment levels may not add to total due to rounding.

Sources: 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 2023. No independent investigation has been made, and no representation is made herein as to the financial condition of the employers listed below or the likelihood that these employers will maintain their status as major employers in the state. Employment counts for these businesses may have changed since this table was compiled, and other large employers may exist in the State that are not included in the table.

Estimated Largest Private Sector Employers in Colorado

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	General Merchandise	29,100
UCHealth	Healthcare, Research	29,000
The Kroger Co. (King Soopers/City Market)	Supermarkets	21,700
Amazon	Warehousing & Distribution Services	20,000
Centura Health	Healthcare	13,000
Intermountain Healthcare	Healthcare	12,400
HealthONE Corporation	Healthcare	12,200
Lockheed Martin Corporation	Aerospace & Defense Related Systems	11,100
Comcast	Telecommunications	9,000
United Airlines	Airline	8,500
Children's Hospital Colorado	Healthcare	8,100
Home Depot	Building Materials Retailer	8,000
Target Corporation	General Merchandise	7,900
Safeway Inc.	Supermarkets	7,300
Kaiser Permanente	Health Maintenance Organization	7,200
DISH Network	Satellite TV & Equipment	6,300
Ball Corporation	Aerospace, Containers	6,300
United Parcel Service	Logistics	6,100
Lumen Technologies	Telecommunications	6,100
Vail Resorts	Leisure & Hospitality	6,100
JBS Swift & Company	Beef Processing/Corporate Office	5,600
FedEx Corp.	Transportation, E-commerce	5,400
Banner Health	Healthcare	5,200
Southwest Airlines	Airline	5,200
Wells Fargo	Banking/Financial Services	4,900

[1] Figures include both full- and part-time employees.

Source: Compiled by Development Research Partners from various sources, May 2023.

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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 2023.

Estimated Largest Public Sector Employers in Colorado

Employer	Estimated Employees[1]
State of Colorado	63,500
Federal Government (except USPS)	43,800
University of Colorado System	34,600
Denver Public Schools	15,000
City & County of Denver	13,600
Jefferson County Public Schools	11,100
U.S. Postal Service	9,700
Colorado State University System	9,000
Douglas County School District RE-1	8,200
Cherry Creek School District 5	7,400
Denver Health	6,200
Aurora Public Schools	5,500
Adams 12 Five Star Schools	4,900
City of Colorado Springs	4,600
Poudre School District R-1	4,400
Boulder Valley School District RE-2	4,300
St. Vrain Valley School District RE-1J	4,200
U.S. Department of Veterans Affairs	3,900
Colorado Springs School District 11	3,600
Academy Schools District 20	3,600
Jefferson County	3,400
City of Aurora	3,100
Mesa County Valley School District 51	3,000
School District 49	2,900
Regional Transportation District (RTD)	2,900

[1] Includes both full- and part-time employees.

Source: Compiled by Development Research Partners from various sources, May 2023.

Retail Sales

The following table provides the most recent annual sales figures as reported for state sales tax purposes.

Colorado Sales and Use Tax Net Collections
Fiscal Years 2017 to 2022

	Sales Tax		Use Tax	
	Amount (thousands)	% Change	Amount (thousands)	% Change
2017	$2,719,778	4.8%	$258,604	6.1%
2018	$2,906,717	6.9%	$305,192	18.0%
2019	$3,031,974	4.3%	$343,489	12.5%
2020	$3,186,143	5.1%	$226,116	-34.2%
2021	$3,450,454	8.3%	$210,754	-6.8%
2022	$4,051,571	17.4%	$233,298	10.7%

Source: Colorado Department of Revenue.

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The following table provides retail sales totals by industry for the State for the most recent five years.

Colorado Retail Sales by Industry (millions) and Percentage Change from Prior Year											Year-to-date totals through February		
Industry	2018	% Change	2019	% Change	2020	% Change	2021	% Change	2022	% Change	2022	2023	% Change
Agriculture/Forestry/Fishing	587.2	40.5%	521.1	-11.3%	491.8	-5.6%	NR	--	616.9	--	44.3	45.5	2.7%
Mining	4,411.7	20.3%	3,938.3	-10.7%	3,065.7	-22.2%	5,172.2	68.7%	4,295.8	-16.9%	550.8	440.3	-20.1%
Utilities	7,665.8	1.3%	8,031.0	4.8%	7,512.2	-6.5%	8,489.0	13.0%	10,019.6	18.0%	1,762.6	2,157.2	22.4%
Construction	5,758.0	12.2%	6,124.0	6.4%	6,148.5	0.4%	6,650.1	8.2%	8,092.5	21.7%	872.9	977.1	11.9%
Manufacturing	17,360.8	7.0%	15,992.7	-7.9%	16,906.4	5.7%	18,036.2	6.7%	20,271.2	12.4%	2,534.5	2,495.9	-1.5%
Wholesale Trade	15,407.4	6.0%	18,109.6	17.5%	20,374.5	12.5%	22,736.5	11.6%	24,888.4	9.5%	3,498.2	2,956.3	-15.5%
Retail Trade[1]													
Motor Vehicle and Parts Dealers	21,190.4	2.8%	21,986.4	3.8%	21,918.4	-0.3%	26,480.5	20.8%	27,751.4	4.8%	3,973.6	4,085.6	2.8%
Building Materials/Garden Equip/Supplies Dealers	7,465.8	2.5%	7,413.9	-0.7%	8,891.0	19.9%	10,429.3	17.3%	11,248.0	7.9%	1,408.1	1,294.9	-8.0%
Food/Beverage Retailers	18,794.5	6.5%	18,927.9	0.7%	20,189.0	6.7%	21,466.7	6.3%	23,719.2	10.5%	3,340.7	3,619.8	8.4%
Furniture/Home Furnishings/Electronics/Appliance	6,096.2	6.1%	6,328.4	3.8%	6,183.4	-2.3%	7,289.6	17.9%	7,739.7	6.2%	1,142.8	1,081.9	-5.3%
General Merchandise Retailers	14,387.6	4.6%	14,788.7	2.8%	16,068.0	8.7%	17,976.8	11.9%	33,275.4	85.1%	4,560.2	5,071.8	11.2%
Health and Personal Care Retailers	5,672.5	5.9%	6,015.3	6.0%	6,734.3	12.0%	7,312.8	8.6%	6,993.2	-4.4%	973.9	954.4	-2.0%
Gas Stations and Fuel Dealers	4,863.8	7.4%	4,556.7	-6.3%	3,957.2	-13.2%	5,057.7	27.8%	6,355.6	25.7%	905.7	973.5	7.5%
Clothing/Accessories/Shoes/ Jewelry Retailers	3,999.7	3.9%	4,413.8	10.4%	3,623.6	-17.9%	5,116.4	41.2%	5,560.7	8.7%	679.8	904.0	33.0%
Sporting/Hobby/Music/Books/ Misc Retailers	9,605.7	2.1%	10,289.8	7.1%	10,266.0	-0.2%	12,101.2	17.9%	13,751.6	13.6%	1,764.5	1,903.1	7.9%
Non-Store Retailers[1]	3,279.3	12.3%	5,054.7	54.1%	10,776.8	113.2%	12,153.8	12.8%	--	--	--	--	
Total Retail Trade	**95,355.7**	4.7%	**99,775.5**	4.6%	**108,607.7**	8.9%	**125,384.8**	15.4%	**136,394.9**	**8.8%**	**18,749.3**	**19,888.9**	**6.1%**
Transportation/Warehouse	1,292.4	36.8%	1,096.3	-15.2%	1,222.5	11.5%	1,455.4	19.0%	1,918.5	31.8%	250.1	294.4	17.7%
Information	4,971.1	-7.6%	5,819.5	17.1%	4,250.2	-27.0%	5,140.8	21.0%	6,135.8	19.4%	901.3	1,042.8	15.7%
Finance/Insurance	2,469.4	17.2%	2,761.9	11.8%	3,340.1	20.9%	NR	--	NR	--	NR	322.4	--
Real Estate/Rental/Lease	5,423.2	11.2%	5,907.9	8.9%	5,140.4	-13.0%	5,859.7	14.0%	6,879.4	17.4%	1,022.3	1,154.4	12.9%
Professional/Scientific/Technical	7,753.2	14.1%	7,859.6	1.4%	8,634.4	9.9%	9,478.6	9.8%	10,426.8	10.0%	1,091.7	1,152.4	5.6%
Admin/Support/Waste/Remediation	2,384.4	1.1%	2,813.2	18.0%	3,237.8	15.1%	4,470.0	38.1%	5,328.8	19.2%	712.2	757.9	6.4%
Education	500.3	2.9%	434.8	-13.1%	349.9	-19.5%	546.1	56.1%	591.3	8.3%	64.6	87.4	35.2%
Health Care/Social Assistance	7,044.5	-1.3%	16,093.3	128.5%	16,236.4	0.9%	17,823.9	9.8%	19,233.1	7.9%	2,845.6	3,120.5	9.7%
Arts/Entertainment/Recreation	1,650.0	5.5%	1,781.7	8.0%	1,342.6	-24.6%	1,840.4	37.1%	2,264.3	23.0%	333.9	365.8	9.6%
Accommodation	5,147.4	7.8%	5,771.3	12.1%	3,823.6	-33.7%	6,143.1	60.7%	7,750.6	26.2%	1,178.6	1,338.7	13.6%
Food/Drinking Services	13,798.6	6.0%	14,511.8	5.2%	11,308.6	-22.1%	14,929.5	32.0%	17,119.2	14.7%	2,487.4	2,792.7	12.3%
Other Services	6,751.4	9.2%	6,924.2	2.6%	6,438.5	-7.0%	8,096.2	25.7%	12,810.1	58.2%	1,074.0	1,274.1	18.6%
Government	388.6	6.8%	351.2	-9.6%	380.3	8.3%	NR	--	NR	--	NR	49.7	--
Total All Industries	**206,121.0**	**5.9%**	**224,618.9**	**9.0%**	**228,812.2**	**1.9%**	**268,328.8**	**17.3%**	**299,923.8**	**11.8%**	**41,196.3**	**42,714.4**	**3.7%**

Source: Colorado Department of Revenue.

NR = Not Reportable.

Year-to-date totals through February.

Note from DOR on destination sourcing (2019 & future): Sales that were previously reported in one location may be reported in different locations from 2019 onward because the Colorado General Assembly adopted new sourcing rules in House Bill 19-1240. Prior to 2019, the location for which a return was filed by a retailer generally reflected the location the retailer's business had in common with the delivery point. Beginning in June 2019, most in-state retailers started filing returns based on the location in which the purchaser received the goods; however, some small retailers filed returns for all sales based on the retailer's business location. Additional out-of-state retailers were also required to collect and remit sales tax for goods delivered into Colorado based on the location in which the purchaser received the goods. These changes may cause variations in the data reported from previous years.

[1] The North American Industry Classification System (NAICS) codes are reviewed and revised every five years to keep the classification system current with changes in economic activities. The 2022 revisions to NAICS reflect a de-emphasis on the delivery method as an industry function used in NAICS classification, resulting in all sales previously categorized as 'Non-Store Retailers' being reallocated to specific retail trade categories starting in 2022. As a result, retail trade sales by category are not comparable between 2022 and prior years.

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Tourism

The following table provides visitor counts for the State's national parks and major recreation areas, Denver area convention attendance figures, and visitor counts for Colorado ski areas.

Colorado Tourism Statistics

	National Parks Visits[1]		Conventions[2] Conventions		Delegates		Spending		Skier Visits[3]	
	Number (millions)	% Change	Number	% Change	Number (thousands)	% Change	Amount (millions)	% Change	Number (millions)	% Change
2017	7.62	2.1%	84	27.3%	235.6	-2.9%	$518.6	-4.6%	13.12	-2.0%
2018	7.57	-0.7%	67	-20.2%	269.4	14.4%	$560.6	8.1%	12.81	-2.4%
2019	7.76	2.6%	80	19.4%	254.1	-5.7%	$555.3	-0.9%	13.80	7.7%
2020	6.03	-22.2%	12	-85.0%	65.0	-74.4%	$131.0	-76.4%	11.15	-19.2%
2021	7.82	29.6%	26	116.7%	78.1	20.2%	$193.0	47.3%	12.00	7.6%
2022	7.43	-4.9%	60	130.8%	154.6	97.9%	$392.0	103.1%	14.00	16.7%

[1] Count of recreational visitors for the State's National Parks Service territories, which include national parks, monuments, historic sites and recreation areas.

[2] Includes only those conventions booked by VISIT DENVER and held at the Colorado Convention Center.

[3,4] Count of skier visits for the season ending in the referenced year.

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 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
2017	24,338	344	415	15,576	40,673	4.4%
2018	26,134	374	414	15,705	42,627	4.8%
2019	24,756	352	370	13,155	38,633	-9.4%
2020	26,636	728	397	12,708	40,469	4.8%
2021	30,246	1,260	736	24,282	56,524	39.7%
2022	23,728	992	539	23,580	48,839	-13.6%
Year-to-date totals through April:						
2022	10,092	334	110	8,432	18,968	
2023	5,837	180	168	7,803	13,988	
% change	*-42.2%*	*-46.1%*	*52.7%*	*-7.5%*	*-26.3%*	

Source: U.S. Census Bureau.

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Residential Foreclosures

The following table provides a five-year history of foreclosure filings and sales in Colorado. The first quarter 2021 data is the most recent available as compiled by the Colorado Division of Housing.

The foreclosure filing is the event that begins the foreclosure process. In general, a borrower who is at least three months delinquent will receive a filing notice from the Public Trustee for the county in which the property is located. At this point, the property is in foreclosure.

Because a foreclosure filing can be cured or withdrawn before the home is sold at auction, not all filings result in foreclosure sales. Foreclosure sales at auction generally proceed between 110 and 125 days after the initial filing. Once a foreclosure sale is completed, the eviction process begins.

Foreclosure Filings and Sales in Colorado

	Foreclosure Filings[1]	% Change	Foreclosure Sales at Auction	% Change
2016	7,666	-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%
2020	2,130	-62.0%	628	-52.3%
2021[2]	226	--	103	--

[1] Some filings may have been subsequently cured or withdrawn and may not have resulted in sales at auction.

[2] Filings and Sales through first quarter 2021.

Source: Colorado Division of Housing.

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APPENDIX E

STATE PENSION SYSTEM

The information included in this Appendix is based on information compiled and presented in the Public Employees' Retirement Association ("PERA") Annual Comprehensive Financial Report for the Plan Year ended December 31, 2022 (the "PERA 2022 ACFR"). The PERA 2022 ACFR was prepared by PERA staff employees and Segal, PERA's independent actuary, and audited by CliftonLarsonAllen LLP, PERA's independent public accounting firm. The valuations and other assessments of PERA constitute forward-looking information as described in the preliminary notice in this Official Statement because they are based on assumptions about future events. The assumptions underlying the valuations and assessments may prove to be inaccurate and may be changed by PERA and its representatives and consultants to reflect actual results and future projections as additional information becomes available. The State takes no responsibility for the accuracy, validity or completeness of such information, valuations and assessments. The PERA 2022 ACFR is not incorporated in this Official Statement by reference or otherwise, and the State makes no representations regarding the accuracy of the information in the PERA 2022 ACFR.

The information presented in the State's Fiscal Year 2021-22 ACFR regarding PERA is derived from the PERA Comprehensive Annual Financial Report for the Plan Year ended December 31, 2021 (the "PERA 2021 ACFR"), while the information presented in the State Fiscal Year 2022-23 Unaudited BFS and in this Official Statement regarding PERA is derived from the PERA 2022 ACFR.

General Description

Overview. The State of Colorado, like most other state and local governments, provides post-employment benefits to its employees based on their work tenure and earnings history. By statute, the State created PERA, which administers cost-sharing, multiple-employer defined benefit plans to provide retirement, death and disability benefits through the State Division Trust Fund (generally for State employees) (the "State Division"), the Judicial Division Trust Fund (for judges in the State), the School Division Trust Fund (for employees of school districts other than Denver County School District No. 1, commonly known as Denver Public Schools), the Denver Public Schools Division (for employees of Denver Public Schools) and the Local Government Division Trust Fund (for employees of numerous municipalities and other local governmental entities). 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. Except to the extent provided in SB 18-200 discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" hereafter in this Appendix E, 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 2022 ACFR for a discussion of the membership in the State Division Plan and the State Division DC Plan, respectively. See also Management's Discussion and Analysis in the State Fiscal Year 2021-22 ACFR, as well as Notes 6-8 to the financial statements in both the State Fiscal Year 2021-22 ACFR Fiscal Year 2022-23 Unaudited BFS, both of which are appended to this Official Statement, for a description of the State Division Plan and the State Division DC Plan.

Because the majority of State employees participate in the State Division Plan and not in the State Division DC Plan, and the number of judges employed by the State that participate in the Judicial Division is relatively small in comparison to the number of other State employees, the disclosure in "DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS – Pension and Other Post-Employment Benefits" in the body of this Official Statement and in this Appendix relates only to the State Division Plan.

The State does not participate in the federal Old-Age, Survivors and Disability Insurance (Social Security) program.

PERA. PERA is a legal entity created by statute in 1931 that is separate from the State as further described in Article 51 of Title 24, C.R.S. (the "PERA Act"). Management of PERA is vested in a 16-member Board of Trustees (the "PERA Board"). PERA has fiduciary responsibility for several separate divisions, including the State Division, the School Division, the Local Government Division, the Judicial Division and the Denver Public Schools Division. The State represents the majority, but not all, of the State Division employers and employees. Each Division operates as a separate legal trust. PERA also operates two cost-sharing, multiple-employer post-employment benefit plans through the Health Care Trust Fund and the Denver Public Schools Health Care Trust Fund that provide health care premium subsidies to participating PERA benefit recipients who choose to enroll in one of PERA's health care plans. PERA's financial statements, which include all of its Divisions and trusts, may be obtained by writing to PERA at P.O. Box 5800, Denver, Colorado 80217-5800, by calling the PERA Infoline at 1-800-759-7372 or by visiting http://www.copera.org. *The reference to PERA's website is included herein for informational purposes only, and information available on such website or in PERA's financial statements, or any other information provided by PERA, is not incorporated in this Official Statement by reference or otherwise, nor does the State make any representations regarding the accuracy of any such information.*

Basic Provisions of the State Division Plan

Members of the State Division Plan who meet minimum age and service requirements are eligible to receive a monthly retirement benefit based on their employment and earnings history with the State. Calculation of retirement benefits, and eligibility requirements, differ depending on the employee's original hire date. In response to funding challenges, the General Assembly has enacted changes to State Division Plan benefits at various times. Some of such changes have been applied prospectively to newly hired employees. As a result, there are several tiers of employee benefits and related provisions that are based on employee hire dates and other factors. See Notes 6-8 to both the financial statements in the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement, the PERA 2022 ACFR 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 2022 ACFR for various statistics regarding members, retirees, survivors and benefit payments for the State Division Plan.

GASB 67

In 2012, GASB issued Statement No. 67, "Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25" ("GASB 67"), which established revised 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.

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 companion statement, GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" ("GASB 68"), which applies to governmental employers, was effective for fiscal years beginning after

June 15, 2014, and therefore was first implemented with the State's Fiscal Year 2014-15 ACFR. See "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75" hereafter.

GASB 67 established a shift in financial disclosure requirements from a funding-based approach to an accounting-based approach. It 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 and financial reporting purposes emphasizes the obligation an employer incurs to employees through the employment-exchange process and is intended 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 the revised 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 GASB 67 standard is the rate used to discount projected benefit payments. The revised 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 an effective single discount rate must be determined. The single discount rate is "solved for" to reflect the period of discounting of the projected benefit payments using (1) the plan's long-term expected rate of return up to the crossover point (point of asset depletion), and (2) 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), following the crossover point.

GASB 67 also enhances the standards for footnote disclosure and required supplementary information for pension plans, including, among other things, disclosing the plan's net pension liability, ratio of fiduciary net position to total pension liability and actuarial methods and assumptions.

Actuarial Valuations

Many of the measures used to determine and evaluate the financial condition and funding status of the State Division Plan are based on actuarial valuations. An actuarial valuation is the determination, as of the actuarial valuation date, of the service cost, total pension liability and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by GASB. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially

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[1] Unfunded actuarial accrued liability is the difference between the actuarial accrued liability, or "AAL" (present value of a pension fund's total of future benefits and fund administration expenses less the present value of the future normal cost of those benefits), and the actuarial value of 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.

determined amounts are subject to continual revision as actual results are compared to past demographic and economic expectations 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 State Division Plan compared to actuarial liabilities, compare past and future trends and determine the net pension liability of the State Division 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 2022 ACFR for a discussion of other actuarial methods and assumptions used in the actuarial valuations of the State Division Plan.

The PERA 2022 ACFR states that the PERA Board studies all economic and demographic actuarial assumptions at least every five years and approves changes to those assumptions. The PERA Board last completed an experience study in 2020, for the period January 1, 2016, to December 31, 2019, and on November 20, 2020, adopted various revisions to its economic and demographic assumptions effective for the December 31, 2020, actuarial valuations and measurement date.

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 State Division Plan. Variances in actuarial metrics related to the State Division Plan between the assumptions and actual results may cause an increase or decrease in the UAAL, the net pension liability, 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 State Division 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. State Division Plan participants are also required to contribute a portion of their wages to the State Division Plan. SB 18-200 discussed hereafter increased the employer contribution rates effective July 1, 2019, and increased the member contribution rates effective July 1, 2019, July 1, 2020, and July 1, 2021. The statute also provides for automatic adjustments to such rates based on specified parameters so as to stay within the legislation's 30-year funding goal as discussed in "Funding Status of the State Division Plan" below (the "automatic adjustment provision" or "AAP"). An adjustment (increase or decrease) to either the employer contribution rates, or the member contribution rates cannot exceed 0.50% in any one year, nor can they exceed an aggregate of 2.00% above the base amount effective July 1, 2021, pursuant to SB 18-200, or fall below the contribution rates in effect prior the enactment of SB 18-200.

SB 18-200 also provides that effective January 1, 2021, and every year thereafter, employer contribution rates for the State Division Plan are to be adjusted to include a defined contribution supplement. See also Note 6 to both the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement, as well as Management's Discussion and Analysis and Note 4 to the financial statements in the PERA 2022 ACFR.

As the result of the application of these provisions, considering the required 2018 and 2020 AAP adjustments, effective July 1, 2020, and July 1, 2022, respectively, (i) the current baseline SRC that is required to be made by the State for State Division Plan members other than "State Troopers"[1] is 11.40% (11.50% considering the DC Supplement of 0.10%, effective January 1, 2022) of includable compensation, and the current baseline SRC that is required to be made by the State for State Troopers is 14.10% (14.20% considering the DC Supplement of 0.10%, effective January 1, 2022) of includable compensation, and (ii) the current member contribution rate for State Division Plan members other than State Troopers is 11.00% of includable compensation, and current member contribution rate for State Troopers is 13.00% of includable compensation. See the PERA 2022 ACFR 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 State Division 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. The AED and SAED rates applicable to the State Division Plan are each currently 5.0%, and effective July 1, 2022, the total SRC applicable to the State Division Plan (net of 1.02% apportioned to the Health Care Trust Fund per the PERA Act) is 20.48% of employee wages (23.18% for State Troopers).

As discussed above, SB 18-200 includes an automatic adjustment provision 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. The AAP assessment commenced with the December 31, 2018, actuarial funding valuation and is performed annually. AAP adjustments to member and employer contributions and the maximum annual increase were triggered based on the 2018 and 2020 AAP assessments, effective as of July 1, 2020, and July 1, 2022, respectively. Based on the results of the AAP assessment which utilized the December 31, 2022, actuarial valuation performed for funding purposes, effective July 1, 2024, no adjustments are required. A complete history of the results of the annual AAP assessment and any applicable adjustments are available in the Actuarial Section (page 179) of the PERA 2022 ACFR.

SB 18-200 also requires the State to make an annual direct distribution to PERA of $225 million (actual dollars) on July 1 of each year, commencing in 2018, until there are no unfunded actuarial accrued liabilities in the trust fund of any Division that receives such distribution. PERA is to allocate the direct 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. Under certain circumstances adjustments may be made to this direct distribution pursuant to the automatic adjustment provision provided in SB 18-200. The July 1, 2020, direct distribution was suspended per HB 20-1379 due to the actual and forecast impact of COVID-19 on the State's revenues. In order to fully recompense PERA for this suspended direct distribution, HB 22-1029 directed the State Treasurer to make a restorative distribution to PERA upon enactment (June 7, 2022), of $380 million in addition to the scheduled July 1, 2022, direct distribution with reductions to future direct distributions

[1] For PERA purposes, "State Troopers" includes (i) employees of the Colorado State Patrol or Colorado Bureau of Investigation vested with the powers of peace officers, (ii) beginning July 1, 2020, new or existing employees of the Division of Fire Prevention and Control in the Department of Public Safety classified as firefighter I through firefighter VII, (iii) new members hired on or after January 1, 2020, as a county sheriff, undersheriff, deputy sheriff, noncertified deputy sheriff or detention officer by a Local Government Division employer, and (iv) new members hired on or after January 1, 2020, as a corrections officer classified as I through IV by a State Division employer.

scheduled to occur July 1, 2023, and July 1, 2024, based upon the actual investment returns reported by PERA for 2021 and 2022, respectively. Per HB 22-1029, the July 1, 2023, direct distribution is to be reduced by $190 million, from $225 million to $35 million, based on PERA's total fund investment return for 2021 of 16.1%. Per HB 22-1029, the July 1, 2024, direct distribution is not required to be reduced, based on PERA's negative total fund investment return in 2022 of -13.4%. Lastly, SB 23-056 requires an additional restorative payment to PERA by the State of approximately $14.5 million on the effective date of such legislation (June 2, 2023) or as soon as possible thereafter in order to recompense PERA for the suspension of the July 1, 2020, direct distribution.

Changes to the statutorily required contributions to the State Division Plan by the State and its employees, or to other provisions of the State Division Plan, could be triggered by future AAP assessments or enacted by the General Assembly, which could impact the SRC, the funding status and/or the financial condition of the State Division Plan as described herein. The State cannot predict if or when any such events could occur or the impact that any resulting changes might have on the State Division Plan or the State's funding obligations with respect to the State Division 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 encouraged the development and use of a plan-specific actuarially determined contribution ("ADC") benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ADC represents the amount needed to fund benefits over time, and constitutes a target or recommended employer contribution for the reporting period determined in conformity with (i) Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted and (ii) the PERA Board's funding policies. The ADC for each trust fund is developed annually and reported by management to be used as a benchmark for contributions two years in the future. An ADC deficiency arises when actual employer contributions are less than the ADC, and interest accrues on the ADC deficiency at the plan's expected long-term rate of return. See "*Historical ADC and State Contributions*" below.

Change in PERA Funding Policy. In response to the revised standards required by GASB 67, 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 2022 ACFR, 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

[1] Prior to 2014, PERA used the ARC and 2014 forward PERA uses the ADC as a funding benchmark against which to gauge the adequacy of the SRC for the State Division Plan. The ADC is the actuarially determined contribution 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/ADC and the SRC constitutes either a contribution deficiency or excess. For historical information regarding the ARC, see PERA's ACFR for calendar year 2013.

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, in prior years 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, other than the annual direct distribution as required pursuant to SB 18-200.

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, 2020, funding actuarial valuation were used to determine contribution rates reported in the table for the year ended December 31, 2022: (i) the Entry Age actuarial cost method based on cost factors developed to produce level annual costs each year from the member's hire or entry age to assumed retirement age; (ii) the amortization method assumes payments as a level percent of payroll over defined, closed, and layered periods; (iii) the asset valuation method applies a smoothed market value of assets based on gains and losses recognized over a four-year period as permitted by the Actuarial Standards of Practice ("ASOPs"); (iv) price inflation is assumed to be 2.30%; (v) real wage growth is assumed to be 0.70%; (vi) salary increases (including assumed wage inflation of 3.00%) are projected to range from 3.20% to 12.40%; (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) post-retirement benefit increases for pre-2007 hires are assumed to be 1.00% compounded annually and post-retirement benefit increases for post-2006 hires are assumed to be financed by the Annual Increase Reserve ("AIR") described in footnote 2 to the table. Other demographic assumptions include rates of assumed retirement, termination/withdrawal, disability, and mortality. For further information, see Note 3 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2022 ACFR.

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/ (Excess)	Actual Contributions as a Percentage of Covered Employee Payroll
2013	20.01%	$2,474,965	$ --	$495,241	$393,218	$ 102,023	15.89%
2014	20.45	2,564,670	9,984	534,459	444,372	90,087	17.33
2015	22.35	2,641,867	11,400	601,857	484,005	117,852	18.32
2016	22.31	2,710,651	12,838	617,584	521,804	95,780	19.25
2017	22.71	2,774,207	14,355	644,377	563,977	80,400	20.33
2018	26.30	2,898,827	15,919	778,311	661,653	116,658	22.82
2019	23.28	2,995,453	17,663	715,004	689,370	25,634	23.01
2020	23.69	3,089,161	19,442	751,264	646,386	104,878	20.92
2021	21.05	3,092,509	20,606	671,579	741,010	(69,431)	23.96
2022	23.45	3,183,955	22,441	769,078	903,044	(133,966)	28.36

[1] See the discussion preceding this table regarding the actuarial methods and assumptions used in determining the ADC rates.

[2] The 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 1.00% of pensionable payroll and through an allocation of purchase of service dollars. For further information see the PERA 2022 ACFR.

[3] The ADC contribution equals the sum of (i) the ADC rate times the covered employee payroll, plus (ii) the AIR contribution.

Source: PERA 2022 ACFR

For historical information regarding employer contributions based on the ARC, see PERA's Annual Comprehensive Financial Report for calendar year 2013 and Note 6 to both the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement.

Funding Status of the State Division Plan

The State Division Plan currently is significantly underfunded. As discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" above, the AED and SAED were implemented in 2006 and 2008, respectively, and other changes were made to the State Division Plan design by SB 10-001, all in an effort to improve the funding status of the State Division Plan. However, investment returns on State Division Plan assets declined following the global economic downturn that began in 2008. As a result, the assumed rate of investment return on State Division Plan assets and the discount rate on actuarially accrued liabilities were lowered by the PERA Board from 8.50% to 8.00% as of December 31, 2009, to 7.50% as of December 31, 2013 and to 7.25% as of December 31, 2016, and other economic assumptions, were changed over this period as well, to better reflect actual plan experience regarding demographic and economic expectations about the future. Despite these changes, PERA reported that as of December 31, 2016, the State Division Plan had a UAAL of approximately $11.644 billion and a funded ratio (*i.e.*, the actuarial value of assets divided by the AAL) of only 54.6%. Based on contribution rates as of the date of calculation, the UAAL would have been amortized over a 65-year period.

In order to address the funding status of PERA's defined benefit plans, including the State Division Plan, in 2018 the General Assembly enacted SB 18-200 which made changes to the defined benefit plans administered by PERA with the goal to eliminate the UAAL, and thereby reach a 100% funded ratio for each of such plans, within a 30-year period. Among other things, SB 18-200 phased-in a 2.00% increase in contribution rates for most employees, increased employer contribution rates for most employers by 0.25%, requires employers to pay a DC Supplement contribution beginning January 1, 2021, on behalf of all employees hired on or after January 1, 2019, participating in the State Division DC Plan in lieu of the State Division Plan, suspended the annual increase (cost of living adjustment) for retirees for 2018 and 2019, changed the definition of salary and highest average salary, reduced the maximum annual increase (maximum cost of living adjustment), funded unfunded PERA liability from political subdivisions that terminate their affiliation with PERA and provides for an annual direct distribution to PERA from the State General Fund of $225 million (actual dollars) beginning with Fiscal Year 2018-19. Due to the actual and forecast impact of COVID-19 on the State's revenues in Fiscal Years 2019-20 and 2020-21, this direct distribution was suspended for Fiscal Year 2020-21 per HB 20-1379, but was subsequently and substantially restored per HB 22-1029, as discussed in "Funding of the State Division Plan – *Statutorily Required Contributions*" above. SB 18-200 also provides for automatic adjustments to employee and employer contribution rates, annual increases (cost of living increases) and the State's annual direct contribution to PERA within certain statutory parameters so as to stay within the 30-year funding goal. Previously, such adjustments required action by the General Assembly. For further information regarding SB 18-200, see Note 6 to both the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement, as well as the PERA 2022 ACFR.

The PERA 2022 ACFR reports for the State Division Plan, as of December 31, 2022, the actuarial value of assets was approximately $18.372 billion and the AAL was approximately $27.647 billion, resulting in a UAAL of approximately $9.276 billion, a funded ratio of 66.5% and an amortization period of 20 years[1].

[1] The PERA 2022 ACFR states that: (i) 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 allow a greater proportion of the State's contribution to the State Division Plan to be used to amortize the unfunded liability and to increase future contributions to further accelerate the amortization of the UAAL; and (ii) the decrease in amortization period from 2021 to 2022 is primarily due to favorable investment experience during 2019, 2020, and 2021, through the application of an actuarial value of assets, smoothing asset returns over a four-year period, which mitigated the effect of the unfavorable investment return experienced during 2022.

The actuarial value of assets of the State Division Plan is determined by using an asset valuation method which smooths the difference between the actual and expected investment experience for each year in equal amounts 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 and the AAL of the State Division Plan, the PERA 2022 ACFR reports that as of December 31, 2022, the UAAL was approximately $11.157 billion and the funded ratio was 59.6%.

For further information, see Management's Discussion and Analysis in the State Fiscal Year 2021-22 ACFR appended to this Official Statement, as well as Management's Discussion and Analysis, Notes 10 and 12 to the financial statements, Note 2 to the required supplementary information for the Division trust funds and the Actuarial Section in the PERA 2022 ACFR.

Tables 2 and 3, below, displays 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 assets, and the market value of assets, respectively.

The actuarial valuation for funding purposes in the PERA 2022 ACFR was performed as of December 31, 2022. See "Actuarial Valuations" above in this Appendix. The following assumptions, among others, were used to determine the funding actuarial valuation of the State Division Plan as of December 31, 2022: (i) price inflation is assumed to be 2.30%; (ii) real wage growth is assumed to be 0.70%; (iii) salary increases (including assumed wage inflation of 3.00%) are projected to range from 3.30% to 10.90% for members other than State Troopers and from 3.20% to 12.40% for State Troopers; (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%; (v) post-retirement benefit increases for pre-2007 hires are assumed to be 1.00% compounded annually; and (vi) post-retirement benefit increases for post-2006 hires are assumed to be financed by the AIR. The Other demographic assumptions include rates of assumed retirement, termination/withdrawal, disability, and mortality. For further information, see the Actuarial Section in the PERA 2022 ACFR.

Table 2
Historical Funding Progress of State Division Plan
Actuarial Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Actuarial Value of Plan Assets[1]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2013	$13,129,460	$22,843,725	$ 9,714,265	57.5%	$2,474,965	392.5%
2014	13,523,488	23,408,321	9,884,833	57.8	2,564,670	385.4
2015	13,882,820	24,085,671	10,202,851	57.6	2,641,867	386.2
2016	14,026,332	25,669,916	11,643,584	54.6	2,710,651	429.5
2017	14,256,410	24,782,085	10,525,675	57.5	2,774,207	379.4
2018	14,303,726	25,509,852	11,206,126	56.1	2,898,827	386.6
2019	14,922,050	25,717,648	10,795,598	58.0	2,995,453	360.4
2020	16,039,287	27,116,805	11,077,518	59.1	3,089,161	358.6
2021	17,379,516	27,159,846	9,780,330	64.0	3,092,509	316.3
2022	18,371,697	27,647,371	9,275,674	66.5	3,183,955	291.3

[1] The actuarial value of plan assets is based on gains and losses smoothed in over a four-year period as allowed by the ASOPs.

Source: PERA 2022 ACFR

Table 3
Historical Funding Progress of State Division Plan
Market Value of Plan Assets
(Dollar Amounts in Thousands)

Valuation Date (December 31)	Market Value of Plan Assets[1]	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Employer Payroll	UAAL as Percentage of Employer Payroll
2013	$13,935,754	$22,843,725	$ 8,907,971	61.0%	$2,474,965	359.9%
2014	13,956,630	23,408,321	9,451,691	59.6	2,564,670	368.5
2015	13,391,398	24,085,671	10,694,273	55.6	2,641,867	404.8
2016	13,538,772	25,669,916	12,131,144	52.7	2,710,651	447.5
2017	15,105,378	24,782,085	9,676,707	61.0	2,774,207	348.8
2018	13,837,863	25,509,852	11,671,989	54.2	2,898,827	402.6
2019	15,819,843	25,717,648	9,897,805	61.5	2,995,453	330.4
2020	17,660,157	27,116,805	9,456,648	65.1	3,089,161	306.1
2021	19,710,492	27,159,846	7,449,354	72.6	3,092,509	240.9
2022	16,490,174	27,647,371	11,157,197	59.6	3,183,955	350.4

[1] The market value of plan assets is the fair value of the assets determined in conformity with GASB standards. See the Investment Section of the PERA 2022 ACFR.

Source: PERA Annual Comprehensive Financial Reports for calendar years 2013-2022

Since contribution rates to the State Division Plan are fixed by statute, improvements in the funding status of the State Division Plan are expected to come primarily from increases in investment returns on plan assets, changes in the actuarial assumptions used to determine the AAL, or increases in contribution amounts through adjustments triggered via the annual AAP assessment.

Fiduciary Net Position of the State Division Plan

The actuarial valuation for accounting and financial reporting purposes in the PERA 2022 ACFR was performed as of December 31, 2021, and the total pension liability was rolled forward to the measurement date of December 31, 2022, utilizing generally accepted actuarial techniques. See "Actuarial Valuations" above in this Appendix. The following assumptions, among others, were used to determine the actuarial valuation of the State Division Plan as of December 31, 2021: (i) price inflation is assumed to be 2.30%; (ii) real wage growth is assumed to be 0.70%; (iii) salary increases (including assumed wage inflation of 3.00%) are projected to range from 3.30% to 10.90% for members other than State Troopers and from 3.20% to 12.40% for State Troopers; (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%; (v) post-retirement benefit increases for pre-2007 hires are assumed to be 1.00% compounded annually; and (vi) post-retirement benefit increases for post-2006 hires are assumed to be financed by the AIR. Other demographic assumptions include rates of assumed retirement, termination/withdrawal, disability, and mortality. For further information, see Note 10 to the financial statements and the Actuarial Section in the PERA 2022 ACFR.

The Statement of Fiduciary Net Position of the State Division Plan as of December 31, 2022, is included in PERA's basic financial statements set forth in the Financial Section of the PERA 2022 ACFR. 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Additions										
Employer contributions	$ 401,658	$ 444,372	$ 484,005	$ 521,804	$ 563,977	$ 583,164	$ 612,282	$ 646,386	$ 664,304	$ 704,797
Nonemployer contributions	--	--	--	--	--	78,489	77,088	--	76,706	198,247
Member contributions	202,799	211,610	217,980	223,005	228,978	236,313	257,803	298,264	329,652	360,523
Purchased service	22,241	22,446	26,946	24,528	27,442	25,227	29,494	28,522	39,514	35,699
Net investment income (loss)	1,931,658	780,762	210,337	947,981	2,391,683	(497,562)	2,764,719	2,652,870	2,806,442	(2,657,031)
Other	4,869	3,289	5,023	8,708	15,860	7,888	22	9,390	6,038	171
Total additions	2,563,225	1,462,479	944,291	1,726,026	3,227,940	433,519	3,741,408	3,635,432	3,922,656	(1,357,594)
Deductions										
Benefit payments	1,295,780	1,352,293	1,417,862	1,483,828	1,554,290	1,608,534	1,637,168	1,675,048	1,726,503	1,778,067
Refunds	68,735	61,152	63,567	60,137	58,696	65,253	61,832	57,921	74,520	82,321
Disability insurance premiums	2,229	2,309	2,088	2,106	2,035	2,093	1,965	1,360	1,013	849
Administrative expenses	9,780	10,067	10,779	11,271	11,745	11,903	11,294	11,385	12,051	13,312
Other	3,593	3,171	3,406	3,040	3,652	3,017	2,707	2,634	2,950	9,139
Total deductions	1,380,117	1,428,992	1,497,702	1,560,382	1,630,418	1,690,800	1,714,966	1,748,348	1,817,037	1,883,688
Change in fiduciary net position	1,183,108	33,487	(553,411)	165,644	1,597,522	(1,257,281)	2,026,442	1,887,084	2,105,619	(3,241,282)
Fiduciary net position held at beginning of year	12,797,352	13,980,460	14,013,947	13,460,536	13,626,180	15,223,702	13,966,421	15,992,863	17,879,947	19,985,566
Fiduciary net position held at end of year	$13,980,460	$14,013,947	$13,460,536	$13,626,180	$15,223,702	$13,966,421	$15,992,863	$17,879,947	$19,985,566	$16,744,284

Source: PERA ACFRs for calendar years 2013 – 2022.

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 the net pension liability and related information regarding the State Division Plan for the years 2013-2022. The required supplemental information in the PERA 2022 ACFR includes a schedule showing the sources of the changes in net pension liability for 2014-2022 (information for 2013 is not available). See also "Implementation of Changes in Pension Accounting Standards Applicable to the State – GASB 68 and GASB 75" hereafter.

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Table 5
Net Pension Liability
State Division[1]
(Dollar Amounts in Thousands)

	For the Year Ended December 31,				
	2013	**2014**	**2015**	**2016**	**2017**
Total pension liability[2,3]	$22,888,431	$23,420,461	$23,991,569	$31,994,311	$35,241,684
Plan fiduciary net position	13,980,460	14,013,947	13,460,536	13,626,180	15,223,702
Net pension liability	$ 8,907,971	$ 9,406,514	$10,531,033	$18,368,131	$20,017,982
Net pension liability as a percentage of total pension liability	61.08%	59.84%	56.11%	42.59%	43.20%
Covered employee payroll	$ 2,474,965	$ 2,564,670	$ 2,641,867	$ 2,710,651	$ 2,774,207
Net pension liability as a percentage of covered employee payroll	359.92%	366.77%	398.62%	677.63%	721.57%

	For the Year Ended December 31,				
	2018	**2019**	**2020**	**2021**	**2022**
Total pension liability[2,3]	$25,345,094	$25,696,667	$27,364,740	$27,360,605	$27,616,860
Plan fiduciary net position	13,966,421	15,992,863	17,879,947	19,985,566	16,744,284
Net pension liability	$11,378,673	$ 9,703,804	$ 9,484,793	$ 7,375,039	$10,872,576
Net pension liability as a percentage of total pension liability	55.11%	62.24%	65.34%	73.05%	60.63%
Covered employee payroll	$ 2,898,827	$ 2,995,453	$ 3,089,161	$ 3,092,509	$ 3,183,955
Net pension liability as a percentage of covered employee payroll	392.53%	323.95%	307.03%	238.48%	341.48%

1 Government accounting standards require that pension liabilities for financial reporting purposes be measured using the plan provisions in effect at the pension plan's year-end. Therefore, unlike the tables in "Funding Status of the State Division Plan" above, the changes made by SB 18-200 are not reflected in this table for 2017.

2 The total pension liability as of December 31, 2022, was determined by actuarial valuations as of December 31, 2021, and accepted actuarial procedures were applied to roll forward the total pension liability to December 31, 2022 (measurement date). The actuarial valuations as of December 31, 2021, used the key actuarial methods, assumptions or other inputs discussed in "Funding Status of the State Division Plan" above. Note that the actuarial valuation for funding purposes applies an asset valuation method that recognizes a four-year smoothed fair (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 to determine the net pension liability.

3 The decrease in the total pension liability as of 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 2022 ACFR

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 stock or bonds of a single corporation.
- The origination of mortgages or deeds of trust on real residential property is prohibited.

Additionally, Section 24-54.8-201 *et seq*., C.R.S., imposes targeted divestment from companies that have economic prohibitions against Israel.

See Note 5 to the financial statements and the Investment Section of the PERA 2022 ACFR 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 68. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions," is a GASB pronouncement that is a companion to GASB 67 and applicable to governmental entities, such as the State, that provide their employees with pension benefits. GASB 68 was effective for fiscal years beginning after June 15, 2014, and therefore was first implemented in the State's Fiscal Year 2014-15 ACFR. GASB 68 reviewed and established revised 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 2022 ACFR.

In the State Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement, the State reported a total net pension liability at June 30, 2023, of approximately \$15.15 billion, of which approximately \$15.05 billion constitutes its proportionate share of the net pension liability with respect to the PERA administered defined benefit pension trusts determined as described in Note 6 to the financial statements in the State Fiscal Year 2022-23 Unaudited BFS. The balance constitutes the net pension liability associated with a defined benefit pension plan administered by the University of Colorado for certain of its employees. This compares to a net pension liability at June 30, 2022, reported in the State Fiscal Year 2021-22 ACFR of approximately \$8.41 billion, of which approximately \$8.29 billion constituted its proportionate share of the net pension liability with respect to the PERA administered defined benefit pension trusts determined as described in Note 6 to the financial statements in the State Fiscal Year 2021-22 ACFR, and the balance constituted the net pension liability associated with the University of Colorado administered a defined benefit pension plan. The amounts presented for each Division were determined as of the calendar year-end that occurred within the Fiscal Year.

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 financial statements in both the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement, and additional information concerning the proportionate share calculation can be found in Note 6 to the financial statements in both the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS.

Set forth in the following table are the State's proportionate share of the net pension liability at the end of calendar years 2013-2022 for the retirement trusts to which the State contributes presented in accordance with the requirements of GASB 68. Information for certain Divisions is not available prior to calendar year 2018.

Table 6
State's (Primary Government's) Proportionate Share of the Net Pension Liability[1]

(Amounts in Thousands)

State Division

	Calendar Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability	95.86%	95.85%	95.71%	95.49%	95.37%	95.40%	95.49%	95.60%	95.53%	95.45%
State's proportionate share of net pension liability	$8,539,181	$9,016,144	$10,079,252	$17,539,728	$19,091,149	$10,855,754	$9,265,778	$9,066,999	$7,045,081	$10,377,874
State's covered payroll	$2,570,286	$2,586,800	$ 2,687,152	$ 2,751,094	$ 2,796,014	$ 3,262,962	$3,376,294	$3,132,159	$3,363,108	$ 4,370,871
State's proportionate share of the net pension liability as a percentage of its covered payroll	332.23%	348.54%	375.09%	637.55%	682.80%	332.70%	274.44%	289.48%	209.48%	237.43%
Plan fiduciary net position as a percentage of the total pension liability	61.00%	59.84%	56.11%	42.59%	43.20%	55.11%	62.24%	65.34%	73.05%	60.63%

Judicial Division

	Calendar Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
State's proportion of the net pension liability	93.44%	93.60%	93.98%	94.17%	93.99%	94.06%	94.28%	93.49%	92.75%	93.10%
State's proportionate share of net pension liability	$102,756	$129,499	$172,824	$239,423	$218,136	$132,873	$85,727	$57,929	$ 8,507	$89,574
State's covered payroll	$ 37,203	$ 40,114	$ 44,159	$ 46,320	$ 46,764	$ 55,706	$55,934	$52,027	$59,688	$67,626
State's proportionate share of the net pension liability as a percentage of its covered payroll	276.20%	322.83%	391.37%	516.89%	466.46%	238.52%	153.27%	111.34%	14.25%	132.46%
Plan fiduciary net position as a percentage of the total pension liability	77.41%	66.89%	60.13%	53.19%	58.70%	68.48%	80.02%	87.06%	98.11%	80.98%

Denver Public Schools Division

	Calendar Year				
	2018	2019	2020[2]	2021	2022
State's proportion of the net pension liability	34.13%	30.71%	0.00%	22.70%	41.57%
State's proportionate share of net pension liability	$349,095	$202,321	--	$1,355	$360,715
Plan fiduciary net position as a percentage of the total pension liability	75.69%	84.73%	90.48%	99.87%	81.93%

Schools Division

	Calendar Year				
	2018	2019	2020[2]	2021	2022
State's proportion of the net pension liability	12.03%	11.26%	0.00%	10.28%	22.57%
State's proportionate share of net pension liability	$2,129,952	$1,681,628	--	$1,196,870	$4,109,876
Plan fiduciary net position as a percentage of the total pension liability	57.01%	64.52%	66.99%	74.86%	61.79%

State Division as Non-Employer Contributing Entity

	Calendar Year				
	2018	2019	2020[2]	2021	2022
State's proportion of the net pension liability	0.55%	0.51%	0.00%	0.47%	1.00%
State's proportionate share of net pension liability	$62,292	$49,203	--	$34,307	$108,726

Judicial Division as Non-Employer Contributing Entity

	Calendar Year				
	2018	2019	2020[2]	2021	2022
State's proportion of the net pension liability	0.85%	0.64%	0.00%	0.88%	1.55%
State's proportionate share of net pension liability	$1,199	$582	--	$81	$1,491

[1] 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. See Note 6 to the financial statements and Note RSI-2 to the Required Supplementary Information in the State Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement with respect to the calculation of the 2022 amounts. Prior year amounts were calculated in a similar manner.

[2] HB 20-1379 suspended contributions for Fiscal Year 2020-21 due to the COVID-19 pandemic, and therefore no liability was recognized. See Note 6 to the State Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement.

Source: State Fiscal Year 2022-23 Unaudited BFS

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 Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement. See also "Overall Financial Position and Results of

Operations" in the Management's Discussion and Analysis in the State Fiscal Year 2021-22 ACFR appended to this Official Statement, as well as Notes 1 and 6-8 to the financial statements in both the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS.

GASB 75. 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. 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. See "Overall Financial Position and Results of Operations" and "Conditions Expected to Affect Future Operations" in the Management's Discussion and Analysis in the State Fiscal Year 2021-22 ACFR appended to this Official Statement, as well as Note 7 and Note RSI-3 to the Required Supplementary Information in both the State Fiscal Year 2021-22 ACFR and Fiscal Year 2022-23 Unaudited BFS appended to this Official Statement.

Effect of Pension Liability on the Series 2023B Notes

The Series 2023B Notes are short-term obligations maturing on June 28, 2024, and are payable from Pledged Revenues which are expected to consist primarily of amounts received by the State Treasurer from the Participating Districts on or before June 25, 2024, as repayment of their Program Loans and a portion of the proceeds of the Series 2023B Notes deposited to the ETRANS 2023-24 Repayment Account as discussed in "THE SERIES 2023B NOTES – Security and Sources of Payment." Therefore, the State's current pension liability and the State's current plans to address such liability are not expected to adversely affect the State's ability to pay the Series 2023B Notes. See also Management's Discussion and Analysis in the State Fiscal Year 2021-22 ACFR appended to this Official Statement, and particularly the section thereof captioned "CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS – Pension Plan Contributions."

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APPENDIX F

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 State, the State Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury, the State Controller, the Paying Agent, the Registrar or the Financial Advisor 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 Owners of the Series 2023B Notes under the Authorizing Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the Authorizing Resolution with respect to the Series 2023B Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2023B Notes or (v) any other related matter.

DTC will act as securities depository for the Series 2023B Notes. The Series 2023B Notes will be issued as 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 2023B Note certificate, in the aggregate principal amount of the Series 2023B Notes, will be issued 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 Global 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 2023B Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023B Notes 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 2023B Notes 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 2023B Notes except in the event that use of the book-entry system for the Series 2023B Notes is discontinued.

To facilitate subsequent transfers, all Series 2023B Notes 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 2023B Notes 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 2023B Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023B Notes 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 2023B Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2023B Notes, such as redemptions, defaults and proposed amendments to the Authorizing Resolution. For example, Beneficial Owners of Series 2023B Notes may wish to ascertain that the nominee holding the Series 2023B Notes 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 2023B Notes 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 2023B Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2023B Notes 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 2023B Notes 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 2023B Notes 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 2023B Note certificates are required to be printed and delivered to the appropriate Owners of the Series 2023B Notes.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository) with respect to the Series 2023B Notes. In that event, Series 2023B Note certificates will be printed and delivered to DTC.

APPENDIX G

FORM OF OPINION OF BOND COUNSEL

KUTAK ROCK LLP
DENVER, COLORADO

[Closing Date]

The Honorable David L. Young
Treasurer of the State of Colorado

BNY Mellon Capital Markets, LLC
Barclays Capital Inc.
J.P. Morgan Securities LLC
Wells Fargo Bank, National Association
BofA Securities Inc.

$670,000,000
State of Colorado
Education Loan Program Tax and Revenue Anticipation Notes
Series 2023B

Ladies and Gentlemen:

We have examined the laws of the State of Colorado (the "State"), the laws of the United States of America relevant to the opinions herein, and a certified transcript of the record of the proceedings taken preliminary to and simultaneously with the issuance by the State Treasurer (the "Treasurer") of the "State of Colorado, Education Loan Program, Tax and Revenue Anticipation Notes, Series 2023B," in the aggregate principal amount of $670,000,000 dated as of the date of their issuance (the "Notes").

The Notes mature, bear interest, are transferable and payable, as to principal and interest at the times, in the manner, and subject to the conditions and limitations, provided in the resolution of the State Treasurer, adopted and approved on January 11, 2024, authorizing the issuance of the Notes (the "Resolution"). Proceeds of the Notes will be used to, among other things, fund loans to participating State school districts (the "Participating Districts") pursuant to a loan program administered by the State Treasurer.

As to questions of fact material to our opinion, we have relied upon representations of the State and Participating Districts contained in the certified proceedings and other certifications furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination and, for purposes of paragraph 3 below, assuming continuous compliance with the covenants and representations contained in such proceedings and other documents, it is our opinion as Bond Counsel that under existing laws, regulations, rulings and judicial decisions:

1. The State is duly created and validly existing as a body corporate and politic with the corporate power to issue the Notes and perform the agreements on its part contained therein.

2. The Notes have been duly authorized, executed and delivered by the State and are valid and binding obligations of the State, enforceable against the State in accordance with the terms of the Resolution. The "Series 2023-24 Education Loan Program Tax and Revenue Anticipation Notes

Repayment Account", to be established pursuant to the terms of the Resolution, and the Pledged Revenues, as defined in the Resolution, are irrevocably pledged to the payment of the principal of and interest on the Notes when due. The owners of the Notes are equally and ratably secured by a first lien, but not an exclusive first lien, on the Series 2023-24 Education Loan Program Tax and Revenue Anticipation Notes Repayment Account and the moneys credited thereto.

3. Interest on the Notes is excluded 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 expressed in the preceding sentence assume the accuracy of certain representations and compliance by the State and Participating Districts with covenants designed to satisfy the requirements of the Internal Revenue Code of 1986, as amended, that must be met subsequent to the issuance of the Notes. Failure to comply with such requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The interest on the Notes may affect the federal alternative minimum tax imposed on certain corporations.

4. Interest on the Notes is not included in Colorado taxable income or Colorado alternative minimum taxable income under present Colorado income tax laws.

It is to be understood that the rights of the owners of the Notes and the enforceability of the Note may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the reasonable exercise by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise of judicial discretion in appropriate cases in accordance with general principles of equity.

We express no opinion herein as to any matter not specifically set forth above. In particular, but without limitation, we express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes.

The scope of our engagement has not extended beyond the examinations and the rendering of the opinions expressed herein. Our engagement as Bond Counsel with respect to the transaction referred to herein terminates upon the date of this letter. We assume no obligation to review or supplement this letter subsequent to its date, whether by reason of a change in the current laws, by legislative or regulatory action, by judicial decision or for any other reason. No one other than the addressees hereof shall be entitled to rely upon this opinion without our prior written consent.

Very truly yours,

* * *